



STATE OF WASHINGTON

## HIGHER EDUCATION COORDINATING BOARD

917 Lakeridge Way • PO Box 43430 • Olympia, Washington 98504-3430 • (360) 753-7800 • TDD (360) 753-7809

### BOARD MEETING AGENDA

The Evergreen State College, Longhouse 1007, Rooms B & C  
2700 Evergreen Parkway NW, Olympia 98505

January 29, 2003

*Approximate Times*

*Tab*

#### 10:00 a.m. Welcome and Introductions

- Bob Craves, HECB Chair
- President Les Purce, TESC

#### CONSENT AGENDA ITEMS

**Adoption of December 2002 HECB Meeting Minutes** 1

**2003 Report on Reciprocity Agreements and  
Other Student Exchange Options** 2

- *Resolution 03-01*

**Community Matching Grants: Permanent Rules** 3

- *Resolution 03-02*

#### **New Degree Programs**

• **BA in Financial Economics, WWU** 4  
*Resolution 03-03*

• **BA in East Asian Studies, WWU** 5  
*Resolution 03-04*

#### 10:15 a.m. DIRECTOR'S REPORT

**10:30 a.m. Governor's 2003-05 Biennial Operating and Capital Budget** 6

- Wolfgang Opitz, OFM Deputy Director

**2003 Legislative Session Update** 7

- HECB staff briefing

*Resolution 03-05*

**11:30 a.m. MASTER PLAN 2004 – Enrollment Discussion** 8

- HECB staff briefing
- Board discussion

- Public comment

**12:30 noon**    *Board Lunch*  
*No official business will be conducted.*

**1:30 p.m.**        **Washington Student Residency Discussion** **9**

- HECB staff briefing
- Tim Washburn, UW Assistant Vice President for Enrollment Services
- Comment from other 4-year institutions and the State Board for Community and Technical Colleges

**2:30 p.m.**        **State Need Grant Utilization** **10**

- HECB staff briefing

PUBLIC COMMENT

**2:45 p.m.**        ADJOURNMENT

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### HECB 2003 Meeting Calendar

Date	Location
Feb. 26, Wed.	Utilities & Transportation Commission Board Room, Olympia
<b>March 26, Wed.</b>	Dept. of Information Services Board Room, Olympia
<b>April 23, Wed.</b>	St. Martin's College, Worthington Center, Lacey
<b>May 28, Wed.</b>	Dept. of Labor & Industries, Bldg., S-117, Tumwater
<b>July 30, Wed.</b>	Pierce College, Puyallup
<b>Sept. 24, Wed.</b>	Washington State University, Pullman
<b>Oct. 29, Wed.</b>	Renton Technical College, Renton
<b>Dec. 3, Wed.</b>	Dept. of Information Services Board Room, Olympia

W A S H I N G T O N  
**H I G H E R**  
**EDUCATION**  
C O O R D I N A T I N G   B O A R D

January 2003

## **Minutes of meeting**

Dec. 12, 2002

### **HECB Members Present**

Mr. Bob Craves, chair  
Dr. Gay Selby, vice chair  
Ms. Pat Stanford, secretary  
Mr. Jim Faulstich  
Ms. Roberta Greene  
Ms. Ann Ramsay-Jenkins  
Mr. Herb Simon  
Dr. Chang Mook Sohn  
Ms. Stacey Valentin

### **Welcome and introductions**

HECB chairman Bob Craves opened the meetings at 9:08 a.m. and started the round of introductions.

### **Minutes of October Board Meeting/consent agenda items**

ACTION: Jim Faulstich moved to amend minutes to reflect a correction of his comment on page one of October Board meeting minutes. The corrected statement should read, "With steady and persistent erosion of the state support, higher education will ***not*** be able to compete with the rest of the nation..."

The change in the 2003 Meeting Calendar was the April meeting specified for April 23. Herb Simon seconded, and the minutes were unanimously approved as amended.

Pat Stanford expressed appreciation to HECB staff Linda LaMar and Evelyn Hawkins on their hard work and dedication to the Promise Scholarship Evaluation Report.

**Closing the Higher Education Funding Gap: New Revenue Options**

Jim Faulstich reviewed the Fiscal Committee's work in discussing the (budget) trends including the increased lack of state support in the last 10 years with a concurrent increase in demand for (enrollment) slots. The committee recommended compiled information to determine the amount of revenue needed to bring state funding for Washington public higher education up to the average of comparable institutions across the nation. The source of that amount, equivalent to a half-cent sales tax increase, will be left to the Legislature to determine. Regarding the over-enrollment issue, Mr. Faulstich explained that it was an attempt to do more with less. In 2010, the Board anticipates a need for 29,000 additional slots just to meet the current demand. But with an expected increase in tuition, the Board is concerned about the shift in who pays for higher education. Mr. Faulstich also noted that in the Operating Budget, the Evans and Gardner proposal is in parallel support of higher education.

HECB staff Gary Benson reviewed the background of the new revenue options, highlighting the state tax system, budget issues in the past, and the "Gates Committee." Mr. Craves discussed finding dedicated funding sources, and the board members brought up issues such as proposed amounts versus needed amounts, as well as the tone of the resolution. Mr. Faulstich clarified the resolution as not taking a position but rather offering funding levels and possible solutions. Dr. Chang Mook Sohn mentioned that the Board resolution shouldn't also assume that a certain tax structure would prevail in the future.

**ACTION:** Jim Faulstich moved for consideration of the adoption of Resolution 02-32, Closing the Higher Education Funding Gap: New Revenue Options, seconded by Roberta Greene. The resolution was unanimously approved.

**Welcoming remarks**

Dr. Lee Huntsman, interim president of the University of Washington (UW) welcomed the Board to the campus and expressed his gratitude for the work it does. He briefly expressed his thoughts on his role in serving the state in higher education, and the leadership in advocating bold plans exemplified through the HECB.

Dr. V. Lane Rawlins, president of Washington State University, shared his insights on the work he cooperatively advocates as president of the Council of Presidents, including emphasizing the commitment in providing funding and addressing tuition issues.

**High-demand enrollment: review of institutions' reports**

HECB Director of Government Relations Bruce Botka reviewed the request of the Legislature and highlighted the reports from the higher education institutions and the work of the State Board for Community and Technical Colleges (SBCTC) and the HECB. The report is designed to show how the institutions are serving the high-demand program needs, including enrollment in the different subject areas according to each institution, costs per FTE, and the help of partnerships. Highlights of the executive summary according to the institutions are:

SBCTC- New funding of 1,750 new FTEs: Three main areas of enrollment growth- academic transfer, developmental, and basic skills courses. A dramatic increase in enrollment of on-line distance education, which serves more than 5,000 FTEs, also continues.

Central Washington University (CWU)- No new funding: Internal reallocation increases were made to offer more high-demand programs such as computer science, industrial and engineering technology and law and justice.

Eastern Washington University (EWU)- New funding for 69 FTEs: With policy-based distribution, increase in enrollment was three times what was originally funded. One of the major policy investments include the creating and funding of a School for Computing and Engineering Studies.

The Evergreen State College (TESC)- New funding of 124 new FTEs: Allocations were directed to four broad course and program areas of tribal programs; two-and-four credits in courses in foreign language, writing, math, film and theater; upper-division programs in Tacoma for working adults; and quantitative reasoning support for students.

University of Washington (UW)- New funding of new 132 FTEs: Instructional infrastructure was the primary allocation for projects that weren't fully covered by the state, as well as new and ongoing initiatives for high-demand offerings, such as computer and software systems, and the new Institute of Technology at the Tacoma branch campus.

Washington State University (WSU)- No new funding: "A temporary leveling of enrollment" occurred at WSU and the school's main focus is trying to balance most high- and low-cost programs, and high-demand programs.

Western Washington University (WWU)- New funding for new 150 FTEs: Even with new allocations, WWU has attempted to build capacity for its students in the fields of computer science, engineering technology and management information systems. Provost Andrew Bodman spoke in favor of "premium funding" to address the high-demand pool, including allowing faculty salaries to be competitive.

Institutional representatives included WSU Associate Vice Provost for Academic Affairs Dr. Jane Sherman; TESC Provost Dr. Enrique Riveros-Schafer; CWU Provost Dr. David Soltz, UW Dean Emeritus Dr. Fred Campbell and Acting Provost Dr. David Thorud; and Dr. Andrew Bodman, WWU provost.

### **HECB Legislative Agenda**

Mr. Botka briefed the Board on the 2003 legislative issues and HECB positions including issues in the capital and operating budgets, tuitions, enrollment forecasting, and creation and expansion of financial aid programs. Policy issues revolve around undocumented students status, Promise Scholarship study, Educational Opportunity Grant, and the State Need Grant policy.

Board member Stacey Valentin expressed her disagreement on the Board's position on tuition. She said conversations about state-support and tuition-setting authority continue to switch back and forth, misleading students and administrators. Board member Roberta Greene expressed her agreement with Ms. Valentin's statement and voiced concern about approving the resolution.

**ACTION:** Herb Simon moved to approve Resolution 02-33 regarding the HECB's positions on legislative issues, seconded by Gay Selby. It was approved with a vote of eight ayes and two nays- Stacey Valentin and Roberta Greene.

Mr. Botka also recognized Representative Maralyn Chase's attendance and support as member of the House Higher Education Committee.

### **Gender equity in higher education**

HECB Deputy Director Ruta Fanning briefly explained Title IX legislation ensuring gender equity in higher education in student assistance and services, academic programs and athletics, and the Board's need to report on equity in these areas. HECB staff Nina Oman highlighted the two laws of gender equity revolving around tuition and fee waivers for female athletic participation and the prohibition of discrimination in student services and academic programs. The findings are that higher education institutions do not discriminate on the basis of gender in student support and services, even though there are disparities in academic and athletic programs. Institutional gender equity participation rates will continue to be monitored.

### **Tuition and Fee Report**

HECB staff Kathy Raudenbush presented the Tuition and Fee Report, the comparison of peer institutions nationally. Washington is the only state that does this type of report, and has come up with valuable information in proceeding to tackle tuition issues. A survey was the key component that enabled three main findings:

- Washington's rank among state and peers has remained steady. For example, UW ranked nationally 23<sup>rd</sup> in 1999 and ranks 21<sup>st</sup> today.
- Significant spikes in tuition have occurred in every recession since the 1970s, and the cycle appears to be repeating.
- Over the last 10 years, tuition and fees have increased 103 percent at the University of Washington. The national average of tuition and fees has increased 78 percent.

Public comment from Washington Student Lobby (WSL) President James McMahan acknowledged the students who accompanied him to the meeting, as well as those who signed the numerous petitions he handed to the Board, in support of moving conversations towards core funding. Included were resolutions of the Associated Students of Washington State University and the WSL. Both noted that tuition-setting authority does not focus on state-support and state funding. Mr. McMahan emphasized that if this policy is unchanged, education will only be accessible to those with money, and those few (students) who qualify for financial aid.

Regarding institutional tuition-setting authority, he commented that trustees are appointed, not elected, therefore providing for little accountability, access, or flexibility of authority.

Student representation included Ben Medina of UW; Rachel Zommick of WWU; Ryan Mattson, ASUW director of government relations; UW student regent David Moore-Reeploeg; ASUW president Alexander Mavice; Brook Lather of UW Graduate and Professional Students; Scott Moore of UW; Courtney Goodnight of UW; Angel Olson of UW; and Yuen Lui of Shoreline Community College

ACTION: The board decided not to take any action on Res. 02-35.

### **K-12 and higher education discussion**

Board member Gay Selby introduced this part of the meeting, explaining the importance of education reform and the innovative work of the Office of Superintendent of Public Instruction (OSPI). She introduced Dr. Terry Bergeson, Superintendent of Public Instruction, who spoke about K-12 and higher education issues.

- **K-12 and higher education partnership to support student learning**

Dr. Bergeson reviewed the main objectives in supporting student learning with a higher education partnership, highlighting the new K-12 requirements with implications for the master plan in terms of the option of competency-based credits based on demonstrated performance rather than seat time; required mastery of Essential Academic Learning Requirements (EALRs); high school plus education plans; projects; and Certificate of Mastery (CoM). She also summarized the current K-12/higher education collaboration on assessment and incentives, including OSPI/SBCTC study; UW/WASL study; HECB Promise Scholarship study; and discussions with SBCTC, the Council of Presidents and the HECB. She proposed next steps to mutually improve student success, including recognition by colleges and universities of the value of the EALRs and the WASL; continued study of the relationship between the WASL and college success; and joint short-term intense project of HECB, SBCTC, COP and OSPI to enhance the collaboration of sectors in service of student success.

- **K-12/higher education articulation**

State Board of Education (SBE) Chair Roberta May shared with the Board her support of the OSPI requests and the need for emphasis in the other core subjects of health and fitness, social studies and the arts. She noted that in 2008, the CoM will also be a requirement and that the SBE asks the HECB to join the conversation on assessments and emphasizing them to the Legislature.

- **Teacher preparation and shortage areas**

OSPI Director of Professional Education and Certification Lin Douglas presented to the Board the *2002 Report of Educator Supply and Demand in Washington*. She highlighted some of the study components of data from 86 percent of the school districts; shortage areas across the state are in special education and math; some in English as a Second Language (ESL) and music; a balance in English; and a surplus in history. She said the HECB can help by examining teacher preparation program capacity in shortage areas; factoring in district needs when considering new programs and new locations; promoting and expanding alternative routes to teacher certification; facilitating program development at locations in remote areas; targeting additional FTE and

funding; and denying approval of program requests that fail to address the needs of the state, including elementary education.

### **Presentation from the Washington Institute for Public Policy (WSIPP)**

- **Study on the HECB**

WSIPP Director Roxanne Lieb reviewed the origination of the study from the 2002 Legislature and explained how it collected both informal and formal comments. The WSIPP will present formal comments to the Legislature.

WSIPP Senior Research Associate Jim Mayfield presented Part 1 of the report, explaining the comments are from approximately 70 people from across the state. He outlined general impressions of the interviews, interview topics, the statutory roles examined, influence of master plans, coordinating functions, promoting coordination, and the internal and external influences of general impression.

HECB Director Marc Gaspard thanked Ms. Lieb and Mr. Mayfield and expressed the advantages of looking at missions and goals of agencies so that it establishes productive dialogue.

- **Study on Branch Campuses**

WSIPP Research Associate Annie Pennucci presented the interim report of the study of the branch campuses, highlighting the overall findings on fulfilling their legislative roles. She also reported that the branch campuses are increasing in upper-division and graduate participation; positive regional and economic developments have occurred; and in the final report, models and policy options in other states will be outlined.

Noted are that graduation rates are not reported but that branch campuses make up 13 percent of baccalaureate degrees, and that the study focuses more on numbers and the types of degrees related to the regional universities.

### **Director's Report**

Mr. Gaspard reported his attendance at the Western Interstate Commission for Higher Education meeting (WICHE), where Sen. Don Carlson will be incoming chair, and Debora Merle of the Governor's Office has been appointed as commissioner. He also reported the Guaranteed Education Tuition (GET) unit price increased to \$52, and outlined the new college savings plan, noting that ICMA investment group will be managing parts of the program.

### **Resolution 02-37**

ACTION: Jim Faulstich recognized HECB Executive Assistant Belma Villa's hard work and contribution to the HECB, and moved to approve Resolution 02-37, welcoming her return to work at the first of the year. The board unanimously approved the resolution.

The Board adjourned the meeting at 4:24 p.m.

## **RESOLUTION NO. 02-31**

WHEREAS, The Washington Promise Scholarship program was established to encourage excellent academic performance and to reward low- and middle-income students who demonstrate meritorious achievement in high school, by providing them a two-year college scholarship; and

WHEREAS, The Promise Scholarship program is currently in its fourth year of operation, having been implemented in 1999 as a provision of the state operating budget; and

WHEREAS, Washington's fiscal year 2002-03 operating budgets direct the Higher Education Coordinating Board to evaluate the impact and effectiveness of the Promise Scholarship program; and

WHEREAS, Budget language specifies that the evaluation shall include, but not be limited to:

- A. An analysis of other financial assistance Promise Scholarship recipients are receiving through other federal, state, and institutional programs, including grants, work study, tuition waivers, tax credits, and loan programs; and
- B. An analysis of whether the implementation of the Promise Scholarship program has had an impact on student indebtedness; and
- C. An evaluation of what types of students successfully complete high school but do not have the financial ability to attend college because they cannot get financial aid or the financial aid is insufficient; and

WHEREAS, In addition to the specific issues listed above, the Higher Education Coordinating Board has examined the extent to which the Washington Promise Scholarship program, during its first two years, appeared to make a difference in high school achievement and attendance at an in-state college or university, and whether program changes might improve program efficiency and/or effectiveness; and

WHEREAS, The Higher Education Coordinating Board has completed its evaluation of the Promise Scholarship program; and

WHEREAS, Based on its evaluation, the Higher Education Coordinating Board has concluded that the Promise Scholarship program is effectively responding to the statutory goal of providing scholarships to meritorious low- and middle-income high school graduates and that it makes college more affordable for recipients; and

WHEREAS, The Board concluded that the program must be predictable and stable if it is to influence – and not just reward – student behavior; and

WHEREAS, The Board's evaluation concluded that funding for the Promise Scholarship program should support awards that are equivalent to full-time community college tuition; and

WHEREAS, The Board also concluded that current standards to establish academic and financial eligibility should be maintained; however, use of the WASL as an academic criterion for Promise Scholarship eligibility should be studied further, as the WASL is further developed and longer-range data become available; and

WHEREAS, The Board recommends that the program be evaluated again later, after three or four groups of scholarship recipients have graduated with baccalaureate degrees.

THEREFORE, BE IT RESOLVED, That the Higher Education Coordinating Board approves the Promise Scholarship Evaluation report and directs that it be transmitted to the Governor and the Legislature.

Adopted:

December 12, 2002

Attest:

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Bob Craves, Chair

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Pat Stanford, Secretary

**RESOLUTION NO. 02-36**

WHEREAS, The Higher Education Coordinating Board (HECB) is required to adopt an annual calendar of regular meeting dates for publication in the State Register; and

WHEREAS, The Operations Committee of the Board reviewed and approved a proposed 2003 meeting schedule at its December 12, 2002 meeting;

THEREFORE, BE IT RESOLVED, That the Higher Education Coordinating Board adopts the attached HECB 2003 meeting calendar.

Adopted:

December 12, 2002

Attest:

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Bob Craves, Chair

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Pat Stanford, Secretary

**RESOLUTION NO. 02-34**

WHEREAS, RCW 28B.110.040 and RCW 28B 15.465 require the Higher Education Coordinating Board to report every four years to the Legislature and Governor on gender equity in higher education, and to develop rules and guidelines to eliminate gender discrimination; and

WHEREAS, The Higher Education Coordinating Board, with the assistance of the state's public higher education institutions, has completed its 2002 review of gender equity in public higher education; and

WHEREAS, The Board finds that public higher education institutions do not discriminate on the basis of gender in student support and services; and

WHEREAS, The Board finds that disparities in academic programs and athletics exist between men and women in certain areas which will continue to be monitored; and

WHEREAS, The Board finds that athletic participation rates for females have improved substantially since 1988 at the public four-year institutions, but have not met statutory goals at Eastern Washington University and Western Washington University; and

WHEREAS, Eastern Washington University submitted a gender equity plan approved by the Board in July 2002, and Western Washington University will submit a gender equity plan to the Board for approval no later than March 2003;

THEREFORE, BE IT RESOLVED, That the Higher Education Coordinating Board approves the 2002 Gender Equity in Higher Education report, and forwards this report to the Governor and Legislature for their review.

Adopted:

December 12, 2002

Attest:

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Bob Craves, Chair

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Pat Stanford, Secretary

**RESOLUTION NO. 02-33**

WHEREAS, State law directs the Washington Higher Education Coordinating Board to review, evaluate and make recommendations to the Legislature and Governor regarding budget, policy and legislative issues in consultation with the state's other educational institutions; and

WHEREAS, The Board has reviewed the budget proposals of the state's system of 34 community and technical colleges and the six baccalaureate universities and college; and

WHEREAS, In order to fulfill its statutory responsibilities, the Board has reviewed a number of legislative issues that are expected to arise during the 2003 Session;

THEREFORE, BE IT RESOLVED, That the Board hereby adopts its 2003 Legislative Agenda, whose highest priorities are described in Tab 7 accompanying this resolution.

Adopted:

December 12, 2002

Attest:

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Bob Craves, Chair

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Pat Stanford, Secretary

### **RESOLUTION NO. 02-32**

WHEREAS, The Washington Higher Education Coordinating Board (HECB) is a citizens board appointed by the Governor and confirmed by the Senate and is required to make budget recommendations for higher education funding to both the Governor and the Legislature; and

WHEREAS, Years of limited state funding support, across-the-board budget cuts, and assumptions of “efficiency increases” as a way to avoid funding enrollment growth have resulted in a drop of state per-student support of nine percent at public four-year institutions since the 1991-93 biennium, adjusted for inflation. The financial responsibility for college expenses is being continually shifted to students and their families, threatening the ability of those with limited means to participate; and

WHEREAS, The HECB has determined that establishing benchmarks for funding levels is an appropriate approach to establishing a total system-wide level of state investment in higher education, that Washington institutions receive substantially less state funding per student than comparable institutions located in other states, and the Board has recommended funding for public higher education be benchmarked to the average of these comparable institutions; and

WHEREAS, The public higher education institutions enrolled more than 12,000 FTE students in excess of the level funded by the state in fiscal year 2002, and by 2010 an additional 29,000 FTE students above this state-supported level are expected to seek higher education; and

WHEREAS, The HECB has found that the state should meet its responsibility to enable those students with limited means to participate in higher education through carefully designed and adequately funded financial aid programs; and

WHEREAS, The HECB has determined that reaching these goals for the operating budget in the 2003-05 biennium would be accomplished by adding 15,571 new student FTE enrollments, increasing per-student state funding at the average level of comparable institutions, and achieving the current HECB financial aid goals. The total cost for these investments is \$1.1 billion in the 2003-05 biennium, in addition to the \$2.7 billion currently being spent on higher education; and

WHEREAS, The HECB requested public institutions clearly explain to the Governor, Legislature and the HECB how these additional resources will be used, and the benefits that will accrue; and

WHEREAS, The HECB recommended that in the 2003-05 biennium the Governor and Legislature provide additional state investments in the higher education operating budget to begin to accomplish the goals outlined by the HECB. The approximately \$1.1 billion estimated to meet this need in the 2003-05 biennium could be invested over four years;

THEREFORE, BE IT RESOLVED, That the HECB recommends that state revenues be increased in the magnitude of \$500 million per year to accomplish the recommendation that funding for higher education be increased; and

THEREFORE, BE IT FURTHER RESOLVED, That the HECB recommends that these additional funds for higher education be dedicated to higher education and be in addition to what is currently being spent on higher education (the maintenance level budget as calculated by the Office of Financial Management), and that the higher education institutions that receive these funds be held accountable for how the funds are spent; and

THEREFORE, BE IT FURTHER RESOLVED, That the HECB finds that the amount of new revenue being discussed is roughly equivalent to what would be raised by increasing the retail sales tax rate by one-half cent (with the state sales tax rate being increased from 6.5 percent to 7.0 percent), however, the HECB recognizes that there are many other possible sources of new funding and does not recommend any particular revenue option and is committed to working with the Governor and Legislature to identify potential sources.

Adopted:

December 12, 2002

Attest:

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Bob Craves, Chair

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Pat Stanford, Secretary

**RESOLUTION NO. 02-37**

WHEREAS, Belma Villa has served as assistant to the Higher Education Coordinating Board and as executive assistant to the executive director of the Board since October 6, 1996; and

WHEREAS, Belma Villa has worked closely with all Board members in preparation for Board meetings, committee meetings and related events; and

WHEREAS, Belma Villa has served with dedication and enthusiasm in assisting Board members with arrangements and support services in a wide variety of subject areas; and

WHEREAS, The Board members have come to rely on Belma's dependability, organizational expertise and positive attitude in every aspect of her responsibilities; and

WHEREAS, The Board members sincerely appreciate the value Belma adds to the operation and functions of the organization;

THEREFORE, BE IT RESOLVED, That the Higher Education Coordinating Board expresses its appreciation for her professional commitment, kindness and friendship throughout the years and is very pleased to know that she will be returning to work at the first of the year.

Adopted:

December 12, 2002

Attest:

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Bob Craves, chair

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Gay Selby, vice chair

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Pat Stanford, secretary

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Gene Colin

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James Faulstich

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Roberta Greene

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Ann Ramsay-Jenkins

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Herb Simon

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Chang Mook Sohn

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Stacey Valentin



January 2003

## **2003 Report on Reciprocity Agreements and Other Student Exchange Options**

### **Executive Summary**

State law requires the Higher Education Coordinating Board (HECB) to prepare a report every two years on Washington reciprocity agreements with Idaho, Oregon, and the province of British Columbia. Reciprocity agreements allow some residents of Washington to attend college in another state/province **at reduced tuition rates**, with similar arrangements for students coming to Washington institutions.

By statute, the HECB may negotiate yearly reciprocity agreements with other state-level higher education agencies in the three states/province. Institutions administer the agreements and have discretion on whether to participate, and in the number of out-of-state students who will participate.

This report reviews the current status of reciprocity with British Columbia, Idaho and Oregon.

### **State-Level Reciprocity Agreements**

#### ***Washington/British Columbia***

Beginning in the mid-1980s, British Columbia participated in reciprocity agreements involving several universities and community colleges on both sides of the border. These agreements waived out-of-state tuition for a specified number of students at higher education institutions on both sides of the border. In the mid-1990s, British Columbia requested that reciprocity be phased out; 1998-1999 was the final year of a written agreement. The highest participation occurred in the early 1990s, when approximately 80 Washington residents enrolled annually in British Columbia institutions.

#### ***Washington/Oregon***

For two decades, reciprocity agreements between Washington and Oregon specified the number of students who would receive waivers and the amount of tuition that would be waived. In the early 1990s, about 800 students from each state participated in the program, with each state

granting more than \$2 million in tuition waivers. The last reciprocity agreement covered the 2000-01 academic year; since then, Oregon has not participated in official reciprocity.

### ***Washington/Idaho***

Reciprocity agreements continue to be signed between Washington and Idaho. Under the current agreement with the Idaho State Board of Education, Washington and Idaho each waive a total of \$850,000 in tuition annually. In addition, there is a separate agreement with a two-year college in Idaho, prescribing that each state waive an additional \$80,000 per year. Overall, several hundred residents from each state get direct benefits from tuition reductions available through the agreements.

### **Additional Student Exchange Arrangements**

In addition to state-level reciprocity, several other programs are available for Washington residents who wish to study out-of-state, or for out-of-state students wishing to study in Washington. These include, for example, an undergraduate exchange program among 15 Western states (including Washington, Oregon and Idaho) – a program coordinated by the Western Interstate Commission for Higher Education (WICHE).

### **The Future of Reciprocity and Other Student Exchange Agreements**

Over the past several years, reciprocity agreements have become less restrictive – that is, total dollars are specified, but decisions on numbers of students receiving waivers are at the discretion of the institutions. Reciprocity agreements with Idaho continue to be signed each year. However, with the decisions of Oregon and British Columbia to withdraw from reciprocity, the scope of formal reciprocity has been reduced. Nevertheless, other exchange options for selected nonresident students – both in Washington and in other states – continue to be available.



**January 2003**

## **2003 Report on Reciprocity Agreements and Other Student Exchange Options**

### **Overview**

Exchange agreements among states allow some students to attend college in another state at a reduced cost. Under exchange agreements, students are charged a lower tuition than the published nonresident rates, which are generally much higher than rates for residents of a state.

Both state governments and citizens benefit from exchange agreements. For a participating state, access to outside programs might eliminate the need to maintain separate and possibly costly programs in some fields. Out-of-state enrollments also may give colleges and universities the critical mass to ensure stability of certain programs and contribute to a wider range of cultural and ideological diversity at a state's higher education institutions.

For students, opportunities to study beyond a state's borders may provide access unavailable within the state, especially for those whose nearest college may be across a border in another state. For students with limited resources, out-of-state tuition may be too costly without an exchange program to reduce tuition or other fees.

This report will examine state-level reciprocity, and other student exchange arrangements negotiated by individual colleges and universities.

### **State-Level Reciprocity Agreements**

Washington statutes authorize the Higher Education Coordinating Board (HECB) to enter into reciprocity agreements with Oregon, Idaho and British Columbia.\* Beginning in the early 1980s, the HECB negotiated separate annual agreements with each of these entities, specifying the number of students and/or dollar amounts to be waived. Agreements were designed to provide tuition waivers for a limited number of Washington residents attending college in another state,

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\* Oregon reciprocity: RCW 28B.15.730 – 736

Idaho reciprocity: RCW 28B.15.750 – 754

British Columbia reciprocity: RCW 28B.15.756 – 758

with equal (or nearly equal) waivers for Oregon, Idaho or British Columbia residents enrolling in Washington institutions. In the early 1990s, more than 1,000 Washington residents attended college in a neighboring state/province, and about that many nonresidents attended college in Washington under reciprocity provisions.

### **Reciprocity Agreements No Longer in Effect**

Significant changes have occurred in the recent past. The agreement between Washington and British Columbia, and the agreement between Oregon and Washington, have been discontinued. A **few** students who are finishing their courses of study continue to receive reciprocity waivers under these agreements.

- ***Washington/British Columbia***

Beginning in the mid-1980s, British Columbia participated in reciprocity agreements involving several universities and community colleges on both sides of the border. These agreements waived out-of-state tuition for a specified number of students at higher education institutions on both sides of the border. In the mid-1990s, British Columbia requested that reciprocity be phased out; 1998-1999 was the final year of a written agreement. The highest participation occurred in the early 1990s, when approximately 80 Washington residents enrolled annually in British Columbia institutions.

- ***Washington/Oregon***

For two decades, reciprocity agreements between Washington and Oregon specified the number of students who would receive waivers and the amount of tuition that would be waived. In the early 1990s, about 800 students from each state participated in the program, with more than \$2 million in tuition waivers granted by each state. The last reciprocity agreement covered the 2000-01 academic year; since then, Oregon has chosen not to participate in official reciprocity.

It is important to note that several tuition reduction options are still available to Washington residents studying in Oregon, and to Oregon residents studying in Washington. These options include the exchange programs available under the Western Interstate Commission for Higher Education (WICHE), and provisions related to the border county pilot project (both are discussed in the next section of this report). In addition, community colleges in Oregon charge in-state tuition to Washington residents; in Washington, most community colleges charge in-state tuition to residents of other states (based on provisions of the “non-specific” waiver statute discussed below).

### **Washington/Idaho Reciprocity Agreements: Current Status**

Reciprocity with Idaho is ongoing and is facilitated through two agreements: one with the Idaho State Board of Education and another with North Idaho College (a two-year institution). In the past, both numbers of students and dollar amounts to be waived were specified. However, at the suggestion of the Idaho State Board of Education, the agreements now reflect the total value of tuition to be waived, but waiver amounts for individual students and numbers of students who

receive waivers are at the discretion of each institution. Participating institutions in each state waive all – or a significant part – of the difference between resident tuition and nonresident tuition for students from the other state.

For the current agreement with the **Idaho State Board of Education**, Washington and Idaho each agree to waive \$850,000 for residents of the other state. This same total amount of waivers has been maintained for the past four years (and is higher than the amount waived by each state in the mid-1990s). Numbers of students receiving waivers, and amounts waived for individual students, vary, depending on institutional decisions.

For the current agreement with **North Idaho College**, each state agrees to waive a yearly amount of \$80,000 for residents of the other state. This amount is somewhat lower than agreements in the late 1990s, which reached \$125,000 for each state.

Specifics of the two Washington/Idaho agreements for 2001-02 and 2002-03, including dollar amounts to be waived by each participating institution, as well as estimated numbers of students expected to receive waivers in each state, are displayed in the following table. It should be noted that the Washington/Idaho agreements are balanced to reflect dollars waived. Although institutions try to reach the agreed-upon waiver amounts, in some instances this is not possible.

**For an individual student enrolled full-time**, the waived amount varies, depending on the existing tuition rates in each state, and the type of institution. The waived amount covers all, or a significant part, of the difference between resident and nonresident tuition rates. In the current academic year, an individual student enrolled full-time receives a reciprocity waiver of \$1,500 to \$4,800 per year at a community college. At four-year institutions, an individual student will receive a waiver between \$4,000 and \$6,800 per year.

In addition to Idaho residents receiving tuition reductions under reciprocity, other Idaho residents may also be eligible for tuition waivers. In particular, Idaho residents attending most community colleges in Washington receive waivers of all, or most, of the nonresident portion of their tuition (based on provisions of the “non-specific” waiver statute discussed in the next section).

## Current Reciprocity Agreements: Washington/Idaho

### Washington/Idaho State Board of Education – Reciprocity Waivers:

<u>State of Idaho</u>	<u>2001-02</u>	<u>2002-03</u>
Boise State University	\$ 93,500	\$ 93,500
Idaho State University	\$ 93,500	\$ 93,500
Lewis-Clark State College	\$229,500	\$229,500
University of Idaho	<u>\$433,500</u>	<u>\$433,500</u>
<b>Total \$ Waived (approximate)</b>	<b>\$850,000</b>	<b>\$850,000</b>
# of Washington students <b>full &amp; part-time</b> (estimate)	190	190
 <u>State of Washington</u>		
Washington State University	\$240,000	\$240,000
Eastern Washington University	\$310,000	\$310,000
Walla Walla Community College	<u>\$300,000</u>	<u>\$300,000</u>
<b>Total \$ Waived (approximate)</b>	<b>\$850,000</b>	<b>\$850,000</b>
# of Idaho students <b>full &amp; part-time</b> (estimate)	190	190

### Washington/North Idaho College – Reciprocity Waivers:

<u>North Idaho College</u>		
<b>Total \$ Waived (approximate)</b>	<b>\$ 80,000</b>	<b>\$ 80,000</b>
# of Washington students <b>full &amp; part-time</b> (estimate)	45	45
 <u>State of Washington</u>		
Eastern Washington University	\$ 48,000	\$ 53,000
Community Colleges of Spokane	<u>\$ 32,000</u>	<u>\$ 27,000</u>
<b>Total \$ Waived (approximate)</b>	<b>\$ 80,000</b>	<b>\$ 80,000</b>
# of Idaho students <b>full-time</b> only (estimate)	15	15

### **Additional Student Exchange / Tuition Reduction Programs For Nonresidents (not dependent on state-level agreements)**

In addition to state-level reciprocity agreements negotiated by the HECB, institutions are also permitted to participate in other types of student exchange programs, or to reduce tuition for selected nonresidents. State statutes authorize various programs for institutions to grant waivers for all or a portion of nonresident tuition; these statutes do not require yearly state-level agreements. And, in most cases, waivers are granted at the discretion of the institution.

Below is a review of various student exchange/tuition reduction programs, which are not dependent on state-level agreements.

#### ***WICHE Student Exchange Programs: 15 Western states***

A consortium of 15 states, including Washington, represented in the Western Interstate Commission for Higher Education (WICHE), facilitates three types of student exchange arrangements. WICHE coordinates undergraduate, graduate, and professional exchange programs.

The following is an overview of WICHE exchange programs. (Data are derived from: *“The Statistical Report, Student Exchange Programs, Academic Year 2001-2002,”* WICHE, December 2001.)

- **Western Undergraduate Exchange (WUE):** This exchange program includes some institutions from nearly all WICHE states. Students pay 150 percent of a state’s resident tuition, which is usually much lower than full nonresident tuition charges. Washington’s participation began in 1998; therefore, exchanges facilitated through WUE are a recent addition to the available student exchange options.

Statute authorizes three Washington institutions to participate – Eastern Washington University, Central Washington University, and Washington State University. In addition, two other public four-year institutions have chosen to accept students under the WUE program. Among the other Western states, numbers of institutions participating and eligible programs at each institution vary.

In 2001-02, Washington **received 650** students from the 15 WICHE states – including 90 from the state of Oregon. Washington **sent 1,400** students to other WICHE states – including 300 who studied in Oregon.

- **Western Regional Graduate Program (WRGP):** Students pay resident tuition through this program. Two Washington institutions participate – Eastern Washington University and Washington State University, with a total of six graduate programs eligible for the WRGP.

In 2001-02, Washington **received 63** students from other WICHE states and **sent 62** students to programs in other states.

- **Professional Student Exchange Program (PSEP):** This exchange facilitates enrollment in out-of-state professional programs. In addition to a tuition reduction for the student, the sending state pays a support fee to the receiving school. Washington sends students to out-of-state WICHE programs to study in two fields –optometry and osteopathic medicine. Several institutions in Washington (both public and private) accept professional students and receive support from the sending state.

In 2001-02, Washington **sent 13** students and **received 80** (70 at public institutions and 10 at private institutions in Washington).

***Border County Pilot Project: Washington and Oregon***

This pilot project affects Washington's public higher education institutions located along the southern border of Washington. The pilot project designates residents of Oregon's northern counties (i.e., counties adjacent to Washington's southern border) to be Washington residents for purposes of tuition, and are thus charged Washington resident tuition rates. This pilot project was instituted in response to policies in Oregon that provide reduced tuition to Washington residents. Specifically, Oregon community colleges charge in-state tuition to Washington residents, and Portland State University (along with several other four-year institutions) charges in-state tuition to Washington residents taking eight credits or less.

This pilot project was enacted by the 1999 Legislature, and reauthorized for an additional two years during the 2002 legislative session. The project (now codified as RCW 28B.80.805-807) is scheduled to expire June 30, 2004. Under provisions of this pilot, WSU/Vancouver and WSU/Tri-Cities may charge in-state resident tuition to Oregon residents taking eight credits or less. Five community colleges – Lower Columbia, Grays Harbor, Clark, Columbia Basin, and Walla Walla – may charge in-state tuition to Oregon residents. To be eligible, Oregon residents must reside in one of 13 Oregon counties that are located on the border with Washington.

The HECB prepared a report in December 2001 on the border county pilot project. At that time, only three community colleges and one WSU branch campus (Vancouver) participated. Data from this report indicate that, in fall 2000, 240 Washington residents (enrolled for eight credits or less) paid in-state tuition rates at several four-year institutions in Oregon; and over 60 Oregon residents received similar benefits at WSU/Vancouver. Also in fall 2000, over 400 Oregon residents paid in-state rates at participating community colleges in Washington; and approximately 2,000 Washington residents paid in-state tuition at Oregon community colleges. (Source: "*Border County Pilot Project, Review and Recommendations*," HECB, December 2001.)

The next border county report, due in December 2003, will include data for five community colleges and two WSU branch campuses. It is anticipated that participation levels in the border county project will show an increase.

**The following delineates other tuition-reduction programs available to institutions. However, statistics on numbers of students receiving benefits under these waiver categories is not presented.**

***Non-Specific Tuition Waivers***

Senate Bill 6010 passed by the Washington Legislature in 1999 allows institutions to “waive all or a portion of the operating fees [tuition] for any student” (this is now codified as RCW 28B.15.915). Although not limited to waivers of nonresident tuition, it can be used for this purpose.

**Community colleges:** Most of the community colleges in Washington have applied this “non-specific” waiver provision to the nonresident portion of tuition for residents of other states (though not for foreign students). In total, the “non-specific” waiver statute has allowed tuition reductions for hundreds of nonresident students. Although the formal reciprocity agreement with Idaho, and the border county pilot project with Oregon, involve a number of students from these states, many other residents of these two states also receive tuition waivers at Washington community colleges based on the “non-specific” waiver statute.

**Four-year institutions:** In addition to participation in Idaho reciprocity and other exchange programs, four-year institutions may use their “non-specific” waiver authority for additional nonresident tuition reductions. However, data are not available on the exact usage of this waiver for nonresidents at four-year institutions.

***Students of Foreign Nations: Four-Year Institutions***

State statute permits four-year institutions to waive all or a portion of tuition and fees for students of foreign nations. Waivers, to the extent possible, should “promote reciprocal placements and waivers in foreign nations for Washington residents,” and priority is designated for exchanges sponsored by “recognized international education organizations.”

Research institutions (University of Washington and Washington State University) may grant 100 waivers each year; other four-year institutions may grant 20 each year (RCW 28B.15.555-556).

***Students of Foreign Nations: Community Colleges***

State statute also permits community colleges to waive all or a portion of tuition and fees for students of foreign nations, with a limit of 100 foreign students each year. The waiver is designed to promote reciprocal placements of Washington residents in study programs abroad (RCW 28B.15.526-527).

***Home Tuition Programs: Four-Year Institutions***

Four-year institutions are permitted under state statute (RCW 28B.15.725) to negotiate agreements with out-of-state institutions (provided no loss of tuition and fee revenue is incurred). Participating students enroll in an out-of-state institution and pay the equivalent of regular resident tuition and fees in their home state. The total number of participants is not specified in statute. However, each individual student is limited to one academic year in the program.

***School of Medicine and Dentistry***

Both the University of Washington and Washington State University (to some extent) are permitted to exempt nonresident tuition for students from several Western states, under contracts with Alaska, Montana, Idaho or Wyoming (for medicine) and Utah and Idaho (for dentistry) to regionalize medical education.

***Active Military Personnel and Families***

Statutory provisions designate as residents, for tuition purposes, active military personnel who are residents in another state but stationed in Washington, and their spouses and dependents.

***Students Holding Graduate Service Appointments***

Nonresident graduate students holding graduate service appointments may be exempted from all or a portion of nonresident tuition and fees.

***Other Exemptions***

- Employees of higher education institutions who are not residents of Washington may be exempted from nonresident tuition and fees.
- Some classifications of refugees may be exempted from nonresident tuition.

**Summary**

State policy in Washington, and in other states, has provided several avenues for tuition reductions that facilitate exchanges of students across borders. The most formal of these have been the “reciprocity agreements” between Washington and Oregon, between Washington and Idaho, and between Washington and British Columbia. These agreements have provided a level of tuition waivers for neighboring states’ residents studying in Washington, with similar waiver levels for Washington residents who cross the borders to attend colleges/universities.

Over the last several years, the specificity of the reciprocity agreements has evolved toward less restrictive exchange arrangements between states. Idaho has continued to sign formal reciprocity agreements, but British Columbia and Oregon have discontinued formal reciprocity. However, as noted in this report, other avenues exist for student exchanges between Oregon and Washington, as well as with other states.

Among the various exchange options, in addition to formal reciprocity, are the exchange programs sponsored by WICHE and the border county pilot project. Furthermore, the “non-specific” waiver has allowed institutions the flexibility to implement tuition reductions to foster the objectives and missions of each college or university.

Overall, the trend may be toward continued or even greater use of tuition waivers for selected nonresident students, both in Washington and in neighboring (and other) states. Though formal reciprocity agreements have diminished, other types of student exchange opportunities across states will likely continue.

**RESOLUTION NO. 03-01**

WHEREAS, The Washington State Higher Education Coordinating Board is directed by statute to submit by January of odd-numbered years a report on reciprocity between Washington and Idaho, Washington and British Columbia, and Washington and Oregon; and

WHEREAS, The report outlines the history and current status of reciprocity agreements, including the status of the current reciprocity agreements with Idaho, and the decisions by British Columbia and Oregon to discontinue reciprocity; and

WHEREAS, The report reviews other student exchange opportunities, in addition to reciprocity available to Washington residents and residents of neighboring states;

THEREFORE, BE IT RESOLVED, That the Washington State Higher Education Coordinating Board adopts the “2003 Report on Reciprocity Agreements and Other Student Exchange Options” and directs that the report be transmitted to the Governor and appropriate committees of the Legislature.

Adopted:

January 29, 2003

Attest:

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Bob Craves, Chair

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Pat Stanford, Secretary



**January 2003**

## **Community Scholarship Matching Grant Program Adoption of Updated Rules**

### **Executive Summary**

#### **Overview**

The Washington State Community Scholarship Matching Grant program provides \$2,000 matching grants to community-based 501(c)(3) organizations raising at least the same amount for college scholarships through local fundraising initiatives. At the Higher Education Coordinating Board's October 2002 meeting, staff briefed the Board on proposed changes to the program rules. The proposed amendments reflect changes in statutory budget language and formalize administrative procedures, such as the priorities for awarding grants.

A public hearing was held in early January, when one written comment was received in support of the changes. No changes have been made to the proposed rules as presented to the Board in October. The Board is being asked to adopt the rules on a permanent basis at its January meeting.

#### **Program Background**

Currently funded at \$251,000 per year, the Community Scholarship Matching Grant program provides approximately 125 community-based organizations with \$2,000 matching grants. The matching grants generate community support for local residents pursuing higher education and are an expression of the state's interest in supporting local fundraising. By leveraging money raised by local organizations for scholarships, the state can help fill the growing gap between college costs and the amount of money families and taxpayer-supported financial aid programs can supply.

The program was funded at \$50,000 per year, from its inception in 1989, until 1999-00, when funding was increased to \$251,000 per year. Since the funding increase in 1999-00, the agency has worked with a program advisory committee to create the administrative procedures necessary to carry out the broader purposes of this larger program.

The 2002-03 year marks the fourth year of this more significant level of funding. Staff is recommending that program rules be amended to codify current statutory and administrative practices.

### **Summary of Proposed Revisions**

The rules, as outlined in detail in the October Board packet, incorporate two items not reflected in the program's original budget proviso language or its original rules:

- Community-based groups can now qualify for more than one grant; and
- Preference is given to organizations affiliated with the citizens' scholarship foundation.

In addition, the proposed rules establish priorities for awarding the grants, with the highest priority given to new organizations and groups that have never received the grant. And, finally, the rules eliminate reference to the program as a demonstration project and clarify reporting requirements.

### **Requested Board Action**

At its meeting on January 29, 2003, the Board will be asked to adopt Resolution 03-02, amending program rules for the Washington State Community Scholarship Matching Grant program.

**RESOLUTION NO. 03-02**

WHEREAS, The Higher Education Coordinating Board is directed by the 2001-03 Operating Budget (SB 6153) to administer the Community Scholarship Matching Grant Program; and

WHEREAS, The Higher Education Coordinating Board is authorized by RCW 28B.80 to adopt rules as necessary to implement the program; and

WHEREAS, The 2001-03 Operating Budget (SB 6153) adopted by the 2001 Legislature establishes that the grant may be received more than once, requiring the establishment of priorities for award; and

WHEREAS, Preference in awarding grants is to be given to Washington Dollars for Scholars affiliates; and

WHEREAS, Other amendments are needed to codify administrative procedures;

THEREFORE, BE IT RESOLVED, That the Higher Education Coordinating Board adopt permanent rules amending WAC 250-69 to reflect the current statutory and administrative provisions of the Community Scholarship Matching Grant Program.

Adopted:

January 29, 2003

Attest:

\_\_\_\_\_  
Bob Craves, Chair

\_\_\_\_\_  
Pat Stanford, Secretary



January 2003

## **Bachelor of Arts in Financial Economics Western Washington University**

### **Executive Summary**

#### **Introduction**

Western Washington University is seeking Higher Education Coordinating Board approval to establish a Bachelor of Arts in Financial Economics. This new degree program will be the first of its kind in Washington. Graduates of the program will be well prepared to assume lucrative positions in corporate financial management, financial institutions, and government agencies.

#### **Program Need**

The BA in Financial Economics is attractive to both students and industry. Currently, students at WWU with an interest in both economics and finance can either major in economics with a minor in business administration or vice versa. This option requires a large number of extra credits and increases time-to-degree considerably. The proposed financial economics major provides adequate depth and balance while maintaining the number of credits at 180 quarter credits and time-to-degree at four years.

According to occupational forecasts from the Washington Employment Security Department and the U.S. Bureau of Labor Statistics, strong employment growth in Washington is expected for securities, commodities, and financial services sales agents over the next few years. For the nation as a whole, the November 2001 *Monthly Labor Review* projects about a 17 percent growth rate for financial specialists between 2000-2010.

#### **Program Description**

The program of study includes required core courses in economics and finance; supporting courses in accounting, decision sciences, and management information systems/computer science; and upper-division elective courses in economics and finance. It provides students with a strong grounding in economic analysis and the language and tools of modern finance.

At full enrollment, the program will serve 29 FTE students. Thirteen core faculty members from the Department of Economics and the Department of Finance and Marketing will support the program. Most classes will be delivered in the traditional lecture classroom mode. Students will have opportunities to work with real-world simulations and use software and analysis procedures used in industry.

### **Assessment And Diversity**

The assessment plan for evaluating program vitality and student learning outcomes is exemplary. For example, WWU will conduct follow-up surveys with program graduates and employers who hire them to determine if its program is successful. Course syllabi include a statement of the specific skills needed to earn credit in the course and describe how the assessment methods used in the course will assess mastery of those skills.

Diversity is particularly important for this program because its graduates will make decisions about commercial or individual lending policies and financial planning for firms and individuals from all parts of the world. Given this, WWU will make every effort to attract and graduate individuals that reflect the diversity of society. One such effort includes using the U.S. Bank Minority Scholarships for majors in WWU's College of Business and Economics who are members of an ethnic minority group.

### **Review Participants**

The program was reviewed by Dr. George Overstreet Walker Professor in Growth Enterprises, associate dean of research and center development, McIntire School of Commerce, University of Virginia and several financial institutions and firms in Washington. All of the reviewers gave the proposal high marks. Dr. Overstreet reported, "...*the program appears well conceived and staffed. The external demand for well-trained professionals in this field is well known and robust.*" The proposal was also sent to the other four-year public institutions for review and comment. The Evergreen State College and Central Washington University shared their support for the new WWU offering.

### **Program Costs**

The program will be supported essentially through existing means. Given this, the estimated additional costs for Western to operate the program at full enrollment are about \$23,000 a year.

### **Staff Analysis**

The BA in Financial Economics will be the first of its kind in Washington and will be attractive to students and industry. The program combines the liberal arts of economics with the applied skills in finance to provide individuals with excellent training for careers in business and government, as well as graduate studies. Its assessment and diversity plans are exemplary. Faculty members associated with the program are highly qualified, and the operating costs for the new offering are minimal.

### **Recommendation**

The Western Washington University proposal to establish a Bachelor of Arts in Financial Economics, beginning spring 2003, is recommended for approval, effective January 2003.

**RESOLUTION NO. 03-03**

WHEREAS, Western Washington University is seeking approval to establish a Bachelor of Arts in Financial Economics; and

WHEREAS, The program will be the only such program in Washington; and

WHEREAS, The program will be attractive to students and employers alike; and

WHEREAS, The external reviews attest to the quality and need for the program; and

WHEREAS, The assessment plan and diversity initiatives are exemplary; and

WHEREAS, The program costs are negligible;

THEREFORE, BE IT RESOLVED, That the Higher Education approves the Western Washington University proposal to establish a Bachelor of Arts in Financial Economics, beginning in spring 2003, effective January 2003.

Adopted:

January 29, 2003

Attest:

\_\_\_\_\_  
Bob Craves, Chair

\_\_\_\_\_  
Pat Sanford, Secretary



January 2003

## **Bachelor of Arts in East Asian Studies Western Washington University**

### **Executive Summary**

#### **Introduction**

Western Washington University is seeking Higher Education Coordinating Board approval to establish a Bachelor of Arts in East Asian Studies. This new degree program would serve undergraduate students who want to study the cultures of East Asia to prepare for careers in business, government, and education that link the Pacific Northwest to East Asia.

#### **Program Need**

The program would respond to the workforce demands of the ever-expanding arena of international trade in the Pacific Northwest. A significant percentage of goods and services produced in Washington are marketed in Asia. Currently, seven of Washington's 10 largest trading partners are in Asia. The program would also respond to the American-Asian populations residing in the region who desire to expand their knowledge of the lands of their heritage and interact with the societies that now exist in Asia. Furthermore, this new major would provide students with appropriate undergraduate preparation for numerous graduate and professional degree programs.

#### **Program Description**

As reported by Western Washington University, *"The proposed major in East Asian Studies focuses on the interdisciplinary study of East Asia, primarily the history, culture, language, and current affairs of the region and specifically of the countries China and Japan."* The BA in East Asian Studies major would require 60 credits and has four components: 1) a 30-credit Chinese, Japanese, Korean, or Mongolian language requirement; 2) an 18-credit core; 3) 12-16 credits selected from a list of approved electives; and 4) a study-abroad component. Students would be expected to gain competencies in the following areas:

##### **Competencies:**

- |   |                                     |
|---|-------------------------------------|
| ? Language competency                             | ? Critical thinking and analysis    |
| ? Use of technology for language study & research | ? Cooperative learning              |
| ? Historical and geographical competency          | ? Civic and political participation |
| ? Cultural awareness and appreciation             | ? Affective goals                   |

About 20 faculty members from various units within the university would support the program. Courses would be delivered in the traditional lecture mode and online. The school anticipates that the program would reach full enrollment of 35 FTE in four years. Students should be able to complete the program in four years of full-time study.

### **Assessment and Diversity**

The proposal presents an outstanding assessment plan for evaluating program effectiveness and student-learning outcomes. For example, to assess program effectiveness, program personnel would review student transcripts, survey graduates, and monitor course delivery mechanisms. To assess student-learning outcomes, faculty would use a variety of methods including national standardized exams, portfolios, and a capstone seminar and presentation.

Recruitment and retention of a diverse student body would be accomplished through several special efforts of personnel affiliated with the East Asian Studies program, the Admissions Staff, the Advising Office, and the Multicultural Support Programs. WWU would market the program at high schools offering Chinese or Japanese language or The Cultural History of Asia. Prospective students who visit WWU's campus would be invited to observe classes in East Asian Studies. Students who express an interest in the program would be invited to attend Chinese New Year events or activities related to Japan Week.

### **Review Participants**

The University of Washington chose to comment on the proposal. The UW endorsed its implementation. Two external reviewers also provided comments.

- Professor David Bachman, chair, China Program, Jackson School of International Studies, University of Washington, noted that the proposed major will be an excellent addition to the academic program at Western Washington University. It builds on an existing core of highly regarded professional teachers and scholars who already teach what are to be the curriculum offerings of the proposed major.
- Associate Professor James Hargett, Department of Asian Studies, State University of New York, noted that several scholar-teachers who command national and international reputations would support the proposed program, its curriculum is impressive, its study abroad program is in place, and there is a large pool of potential majors.

### **Program Costs**

The program would be supported essentially through existing resources. Given this, the estimated additional costs for Western Washington University to operate the proposed program are about \$28,000 per year.

### **Staff Analysis**

The BA in East Asian Studies would serve local, national and international needs. It responds to the state's interest in increasing our understanding of other regions and cultures of the world and fueling our economy. The program of study, faculty resources, and assessment and diversity plans are outstanding.

### **Recommendation**

The Western Washington University proposal to establish a Bachelor of Arts in East Asian Studies, beginning spring 2003, is recommended for approval, effective January 2003.

**RESOLUTION NO. 03-04**

WHEREAS, Western Washington University is seeking approval to establish a Bachelor of Arts in East Asian Studies; and

WHEREAS, The program will fuel the state's economy and promote a greater understanding of a region extremely important to the Pacific Northwest; and

WHEREAS, The program will be popular among students and employers alike; and

WHEREAS, The external reviews attest to the quality and need for the program; and

WHEREAS, The program of study, faculty resources, and assessment and diversity plans are outstanding; and

WHEREAS, The program costs are negligible;

THEREFORE, BE IT RESOLVED, That the Higher Education Coordinating Board approves the Western Washington University proposal to establish a Bachelor of Arts in East Asian Studies beginning spring 2003, effective January 2003.

Adopted:

January 29, 2003

Attest:

\_\_\_\_\_  
Bob Craves, Chair

\_\_\_\_\_  
Pat Stanford, Secretary



**January 2003**

## **Governor's 2003-05 Biennial Operating and Capital Budget**

**Office of Financial Management Deputy Director, Wolfgang Opitz, will give a summary of the Governor's operating and capital budgets.**

## Review of the Governor's proposed 2003-05 higher education operating budget



January 29, 2003

WASHINGTON  
**HIGHER  
EDUCATION**  
COORDINATING BOARD

### Higher Education Operating Budgets Governor Proposed 2003-05 Biennium State General Fund - Dollars in Millions

Part 1: Institutions (4-Year & 2-Year)		
2001-03 Biennium	\$2,470.0	
2003-05 Maintenance Level	\$2,495.0	
<b>Governor Proposed 2003-05 Biennium</b>	<b>\$2,343.1</b>	
Change from 2001-03	-\$126.9	-5.1%
Change from 2003-05 Maintenance Level	-\$151.9	-6.1%
<b>Elements of Change from 2003-05 Maintenance Level:</b>		
GF-S reduction to be offset by a 9% tuition increase	-\$138.6	
2.5% non-instructional activities reduction	-\$39.8	
Eliminate I-732 COLA for CTC faculty	-\$16.5	
Remove inflation adjustment	-\$7.6	
Pension rate changes	-\$4.8	
Revolving funds	-\$1.0	
Self-insurance premiums	\$3.2	
Part-time faculty compensation increases (CTC)	\$5.0	
Recruitment & retention of faculty and staff (4-yr)	\$10.0	
<u>Employee-related cost adjustments</u>	<u>\$38.1</u>	
<b>Total</b>	<b>-\$151.9</b>	

1/13/03

Higher Education Coordinating Board

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**Higher Education Operating Budgets  
Governor Proposed 2003-05 Biennium  
State General Fund - Dollars in Millions**

<b>Part 2: Financial Aid/HECB</b>		
2001-03 Biennium	\$264.3	
2003-05 Maintenance Level	\$272.1	
<b>Governor Proposed 2003-05 Biennium</b>	<b>\$324.1</b>	
Change from 2001-03	\$59.8	22.6%
Change from 2003-05 Maintenance Level	\$52.0	19.7%
<b>Elements of Change from 2003-05 Maintenance Level:</b>		
5% policy & planning reduction	-\$0.2	
Employee-related and internal service cost adj.	-\$0.1	
High-demand enrollments	\$20.2	
<u>State need grant increase</u>	<u>\$32.1</u>	
Total	\$52.0	

<b>Part 3: Total Higher Education</b>		
2001-03 Biennium	\$2,734.3	
2003-05 Maintenance Level	\$2,767.1	
<b>Governor Proposed 2003-05 Biennium</b>	<b>\$2,667.2</b>	
Change from 2001-03	-\$67.1	-2.5%
Change from 2003-05 Maintenance Level	-\$100.0	-3.7%

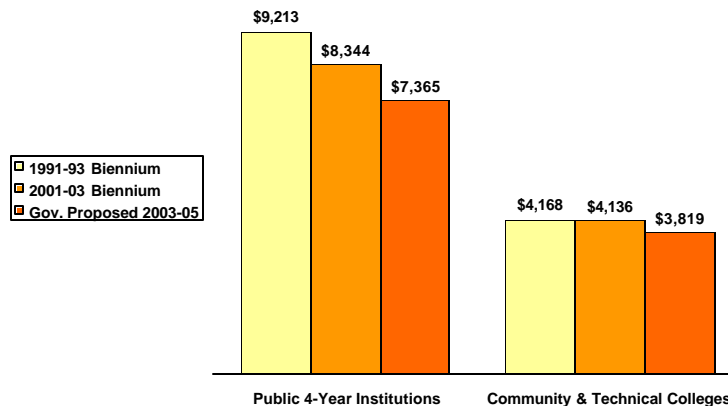
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Higher Education Coordinating Board

3

**State support per higher education student continues to decline in the Governor's proposed budget**

**State General Fund Appropriations per Budgeted FTE Student  
Adjusted for Inflation (2001-03 dollars)**



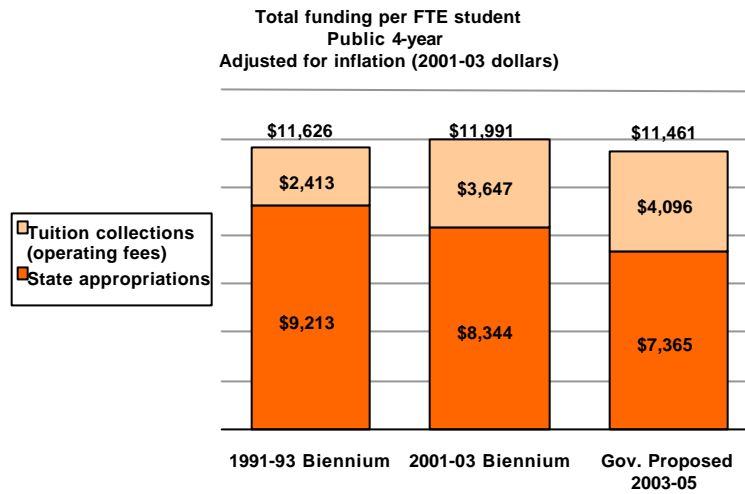
Sources: LEAP (historical appropriation FTE data); OFM (Gov. 2003-05 budget request); and Office of the Forecast Council (inflation).

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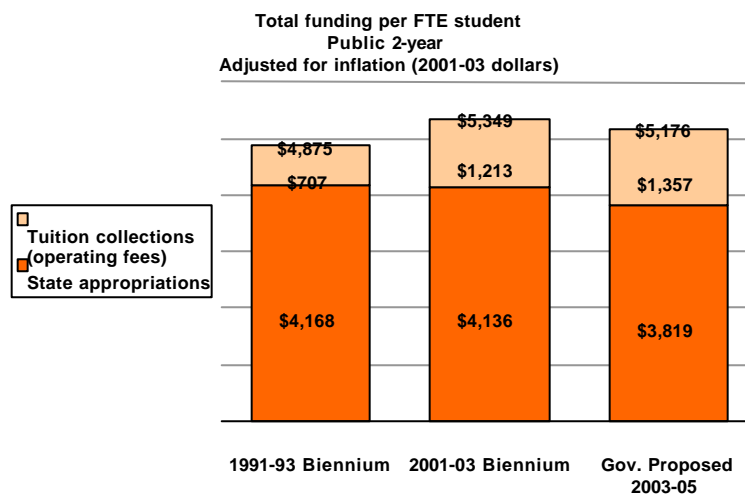
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**At the four-year schools, total revenue per higher education student would be down slightly in the Governor's proposal**



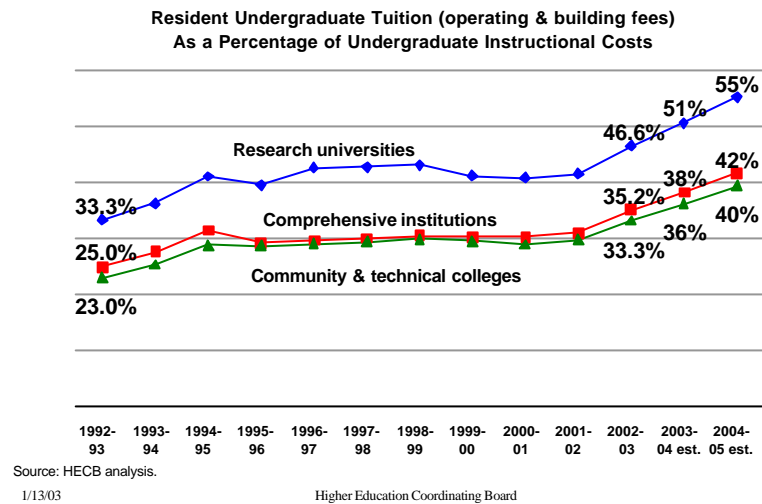
Sources: LEAP (historical appropriation FTE data); OFM (Gov. 2003-05 budget request); and Office of the Forecast Council (inflation).

**And at the two-year colleges, available revenue per student would be down even more**



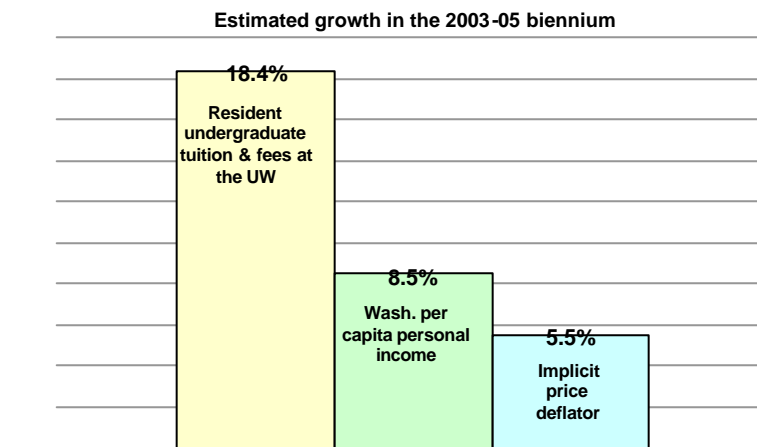
Sources: LEAP (historical appropriation FTE data); OFM (Gov. 2003-05 budget request); and Office of the Forecast Council (inflation).

## The student share of the cost of instruction continues to increase in the Governor's budget proposal



7

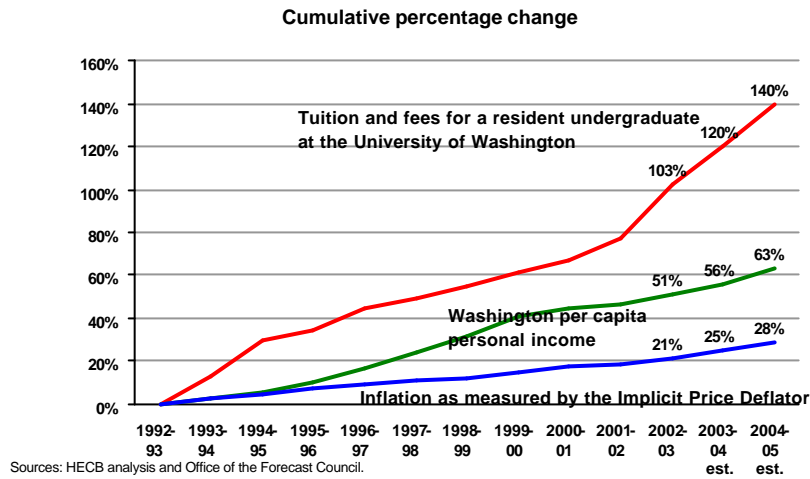
## Tuition again would outpace per capita income growth and inflation in the 2003-05 biennium



1/13/03  
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Sources: HECB analysis and Office of the Forecast Council.

8

**Over a 12-year period, tuition increases will be significantly more than per capita income growth or inflation**



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**The Governor proposes keeping higher education enrollments flat during the 2003-05 biennium**

**Budgeted Full-time Equivalent Enrollments**

	2002-03	Gov. Proposed	
		FY 2004	FY 2005
4-year	85,290	85,290	85,290
2-year	128,222	126,872	126,872
High-demand		550	1,550
<b>Total</b>	<b>213,512</b>	<b>212,712</b>	<b>213,712</b>

Projected actual enrollments in 2002-03 exceed budgeted enrollments by 16,641; 4,217 in the four-year system and 12,424 in the two-year system.

Source: OFM

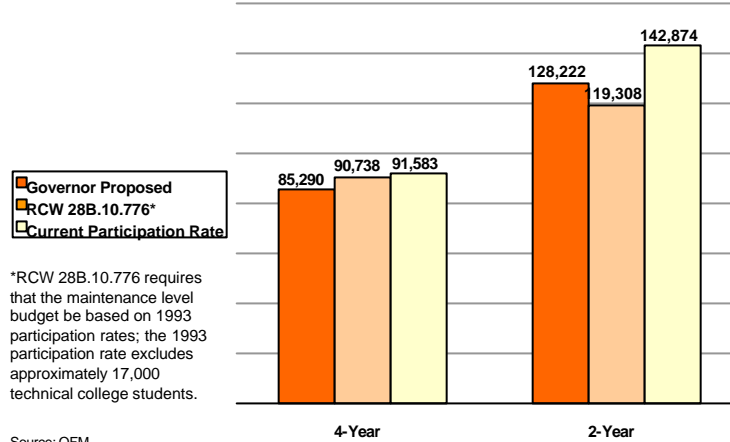
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## The Governor is proposing fewer enrollments than needed to maintain the current level of service

Proposed Enrollments in 2004-05 Compared to Forecasts



\*RCW 28B.10.776 requires that the maintenance level budget be based on 1993 participation rates; the 1993 participation rate excludes approximately 17,000 technical college students.

Source: OFM

1/13/03

Higher Education Coordinating Board

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## Legislative Issues: 2003 Session Progress Report

*January 29, 2003*

Issue	HECB Perspective	Legislative Status
<b>Biennial operating budget, 2003-05</b>	HECB budget recommendation calls for \$1.1 billion increase for enrollment, core funding and financial aid	Higher education and budget committees in House and Senate held hearings in first seven days of the session on higher education budget issues and Governor Locke's 2003-05 proposal
<b>Biennial operating budget – Higher education cuts</b>		Governor's budget includes \$139 million in base funding cuts that could be made up with revenue from authorized tuition increases of up to 9 percent per year. An additional \$40 million in 'non-instructional' cuts would be imposed
<b>High-demand enrollments</b>	HECB requests funds for competitive high-demand pool of 1,000 new FTE enrollments in 2004-05. Two- and four-year institutions would be eligible, as would private schools in partnership with public colleges/universities	Governor Locke's entire new enrollment proposal – 550 FTE in 2003-04 and 1,000 more in 2004-05 – would be allocated to HECB for a competitive high-demand pool. Legislation addressing high-demand enrollment issues has been introduced in both chambers ( <b>SB 5304</b> and <b>HB 1422</b> )
<b>Tuition-setting authority</b>	HECB supports granting four-year institution boards and SBCTC unrestricted tuition-setting authority for all students, including resident undergraduates	Governor's budget continues state-imposed tuition ceilings for resident undergraduates, with increases capped at 9 percent per year. Colleges would retain full tuition-setting authority for all other types of students  Legislation requested by Governor Locke to enact this arrangement in statute has been introduced as <b>HB 1437</b> and <b>SB 5448</b>

Issue	HECB Perspective	Legislative Status
<b>Financial aid fund management</b>	HECB supports making maximum use of financial aid funds for their intended purposes	<b>HB 1123</b> by Rep. Kenney would establish a new financial aid account in which funds not spent in one fiscal year could be used for their intended purpose in the following year
<b>Enrollment entitlement budgeting</b>	HECB has identified the need for an additional 33,600 state-funded FTE enrollment slots by 2010	Under <b>SB 5241</b> by Sen. Kohl-Welles, the budget would fund the <i>actual</i> number of full-time enrollments reported by the Office of the Forecast Council for the most recent fall quarter
<b>Resident tuition rates for undocumented students</b>	HECB supports concept of making certain undocumented students eligible for resident tuition rates	<b>HB 1079</b> and <b>SB 5158</b> would expand the definition of resident students to allow certain undocumented students to pay resident tuition if they signed an affidavit declaring a willingness to apply for U.S. citizenship at the earliest opportunity
<b>HECB membership issues</b>	HECB currently includes 10 members – nine private citizens and one student member	<b>SB 5136</b> by Sen. Carlson would add the superintendent of public instruction to the HECB
<b>Grant program for dependent care</b>	HECB currently administers dependent care allowance through State Need Grant	<b>HB 1277</b> would create a <i>privately funded</i> supplemental grant program administered by HECB to provide income supplements of at least \$1,000 per year to Need Grant-eligible students who care for dependents 18 years old or younger. Similar legislation passed the House in 2002
<b>Higher education efficiency and cost-saving proposals</b>		Several bills aim to spur greater efficiency and effectiveness in higher education. Examples include <b>SB 5135</b> by Sen. Carlson, calling for tuition surcharges for students who accrue excessive credits without graduating, and <b>HB 1422</b> by Rep. Pflug, which calls for universities to reallocate funds to build capacity in ‘priority academic disciplines’

Issue	HECB Perspective	Legislative Status
<b>Electrical engineering degree-granting authority</b>		<b>SB 5475</b> would clear the way for Eastern Washington University to offer an electrical engineering degree program, pending HECB approval
<b>Master plan for education</b>	The HECB is responsible to produce a higher education master plan every four years	<b>SCR 8401</b> by Sen. Kohl-Welles would establish a joint select legislative committee to develop a master plan for education including preschool, K-12 and higher education. The proposal is modeled on an initiative in California

Progress Report Table – Jan 29 2002.doc  
Bruce Botka – 360-753-7811 – [bruceb@hecb.wa.gov](mailto:bruceb@hecb.wa.gov)



**January 2003**

## **Discussion Paper for the 2004 Master Plan: State Enrollment Policy and Funding Practice**

Higher education is essential to developing an educated citizenry. An educated citizenry is valued because by enhancing the quality of individual lives, society is provided with a basis for developing and sustaining a sound economy, as well as a culture that respects and promotes individual dignity. Public higher education plays an important role in realizing these benefits by providing access to both traditional academic programs and specific occupational training opportunities.

### **Introduction**

This discussion paper will (1) summarize anticipated enrollment needs and goals in public higher education institutions through 2010, (2) review current state enrollment funding practice, and (3) suggest alternatives to the current state enrollment funding practice, which the Higher Education Coordinating Board (HECB) could propose to the Governor and Legislature as part of the 2004 Master Plan for Higher Education.

### **Enrollment Needs through 2010**

Over the next eight years, public demand for enrollment opportunity will continue to grow in Washington. Much of this growth will result simply from a significant rise in the age groups of people who traditionally seek higher education. Additionally, the new demands and opportunities of the 21<sup>st</sup> century economy will fuel citizens' desire and need to participate in higher education.

#### **Forces affecting enrollment include:**

- **Continued population pressures**  
Growth in traditional college-going age groups will continue. The number of high school graduates is expected to peak in 2008.

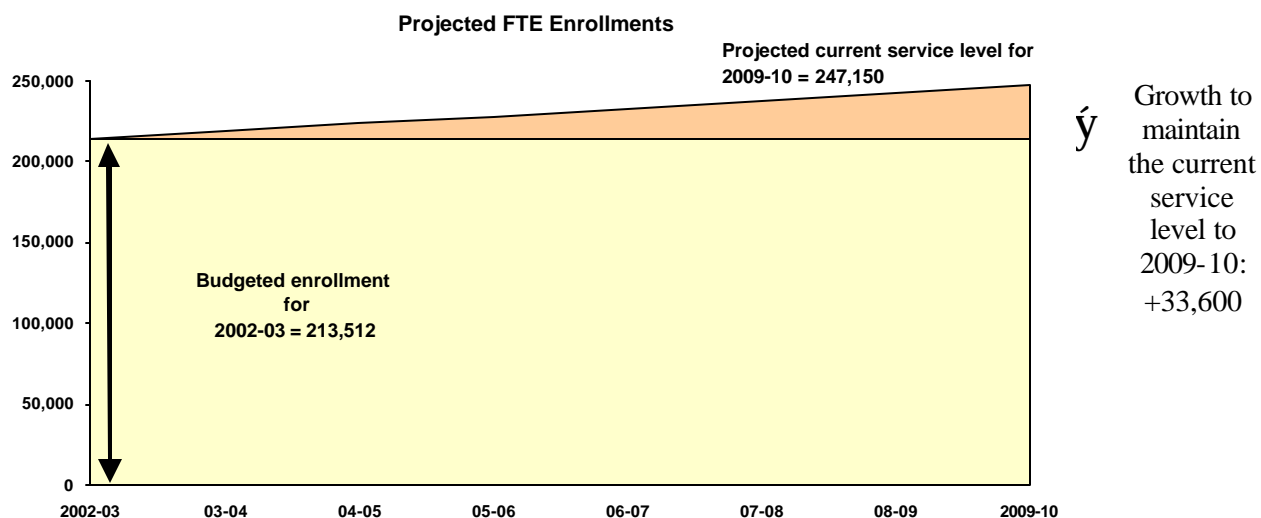
- **Employer/workforce demands**  
Employer demands for workers with higher entry-level skills and retrained older workers are likely to continue and grow as the economy emerges from the current slowdown. Needs in particular high-demand fields are likely to continue as social, economic, demographic forces change.
- **Education reform**  
The implementation of K-12 reform elements (Washington Assessment of Student Learning, Certificate of Mastery) will likely affect both the preparation of students and the pathways they will take to enter college in ways that cannot yet be determined.
- **Running Start/other dual enrollment options**  
Growth in the number of students choosing to take advantage of Running Start and other college/high school dual enrollment options will increase enrollment pressure on public colleges and universities.
- **Technology**  
Continued advances in technology should require workers to get more education to enter the workforce, and more retraining to keep their skills current. New and different programs will be necessary to meet changing needs, such as applied baccalaureate degrees.
- **Transfers**  
Increases are expected in the number of students transferring from two-year institutions to four-year institutions to continue their education. Four-year institutions will be expected to accommodate these students who have already begun their academic work in the two-year system.
- **Policy initiatives**  
The state may choose to adopt policy initiatives that are not reflected in the forces described above. These initiatives could include (1) increasing the participation of currently underrepresented groups to improve diversity in the educational system, and (2) undertaking outreach efforts to improve participation among students who are timebound or placebound.

Current budgetary and planning systems do not clearly recognize these forces, and funding/program changes to respond to them may not be provided on a timely basis to meet the needs of students. To maintain only the current rate of service, the state would need to fund 33,600 additional full-time student slots (FTEs) at the public universities and colleges between now and 2010. Added to this “current service level” will certainly be

increased demand resulting from many factors, including the restructuring of the state's workforce, the need to attain skills in advanced technology and K-12 reform.

**The HECB supports a state enrollment commitment that funds, at a minimum, sufficient student enrollments to maintain the current service level, and also funds additional enrollments to respond to these additional demands.**

**Maintaining the 2002 public higher education service level would require 33,600 more funded enrollment slots by 2010.**



Source: Office of Financial Management.

### Current State Enrollment Funding Practice

**Currently, the state budget process drives state enrollment policy and resource allocation decisions.** Funding new higher education enrollment occurs in the context of:

- Competing spending needs with other areas of state government (e.g., prisons, health care, and K-12 education);
- Competing spending needs within higher education (e.g., salaries, financial aid);
- Available resources (driven by economic conditions);
- Tax policy; and
- Other considerations.

**In a context of severe financial limitations, it is unlikely that the state budgeting process will be able to provide the resources necessary to meet the growing higher education enrollment needs through 2010. Therefore, alternatives to the current process for funding needed higher education enrollments should be explored.**

### **An Alternative Enrollment Funding Practice**

The challenge for state enrollment policy in the future is to develop and implement a funding practice that provides the educational opportunity that students, the economy and the state require. Current funding practice, which relies on the state budget process, places the emphasis on constrained resources, rather than on meeting enrollment needs. An alternative to the current funding approach is to adopt an enrollment funding practice that drives and controls the budget process – essentially the reverse of the current situation.

The justification for considering this change in enrollment funding practice can be found in a look at the current enrollment situation. In FY 2003, the Office of Financial Management (OFM) reports that institutions have enrolled an estimated 16,600 FTE students in excess of the number supported by state funds. This is a significant increase from the level of overenrollment of 12,300 in FY 2002. OFM reports that almost 21,000 additional enrollments will be needed in FY 2005, compared to the level funded in FY 2003, just to maintain the current service level. However, the Governor's proposed budget for FY 2005 only adds 200.

#### **Budgeted Full-Time Equivalent Enrollments**

		<b>Governor Proposed</b>	
	<b>2002-03</b>	<b>FY 2004</b>	<b>FY 2005</b>
Four-Year	85,290	85,290	85,290
Two-Year	128,222	126,872	126,872
High-Demand		550	1,550
<b>Total</b>	<b>213,512</b>	<b>212,712</b>	<b>213,712</b>

Projected actual enrollments in 2002-03 exceed budgeted enrollments by 16,641: 4,217 in the four-year system and 12,424 in the two-year system.

#### **Options to change enrollment funding practice and reverse this situation of underfunded public institution enrollment budgets include:**

1. **Changing the calculation of the state base budget for higher education to include enrollments.** Calculation of the base state budget for public colleges and universities could be constructed to include funding to either (1) maintain the current service level, or (2) achieve some or all of the enrollment policy goal.

In its November 2002 estimate, OFM calculated that an additional 33,600 FTEs would be needed between FY 2003 and FY 2010 to maintain the current service

level. Funding for enrollments to meet technology and workforce needs, K-12 reform, or other policy objectives would then either be added to this number or separately identified as budget decision items that would be considered in addition to the base budget level.

Including a specific item in the presentation of base budget requests to fund new FTEs to maintain the current service level would be helpful by clearly demonstrating the cost of this action. However, items presented in base budget requests, or decision items that are proposed in addition to base budgets, may be funded – or not. There is no requirement that any element of a base budget request be included in the final budget recommendation. Therefore, the direct benefit of this option is to provide information for consideration in the budget process, not to control the outcome of budget decisions.

2. **Enacting in statute a guarantee for added enrollment funding.** This option would be more prescriptive than option 1, and should be more likely to provide additional resources. It makes a much stronger commitment to increasing higher education access, putting added enrollments on an equal footing with other “entitlement” programs in the state budget. The enrollment level to be guaranteed would have to be determined. It could be to maintain the current service level, or to achieve some other level of enrollment commitment that is adopted.

While this approach improves the likelihood that additional funding would be provided because the statement of commitment is stronger, there is still the opportunity for the state to decide not to fund the statutorily-prescribed target. When the state’s financial condition worsens, the Legislature may decide to postpone or reduce funding for entitlement programs – and higher education enrollment funding in any particular budget process could be restricted.

3. **Proposing a constitutional amendment to guarantee access to higher education,** similar to the constitutional guarantee currently provided for a basic education in the K-12 system. Again, the level of enrollment guarantee would need to be determined. It could be to maintain the current service level, or to achieve some other level of enrollment commitment that is adopted. Also, it could apply to the first two years of college or to the completion of the first terminal degree or certificate.

This alternative would further reduce the risk that the number of enrollments would be funded at a level below the defined target or standard. Care would need to be exercised in determining the level of state support per student that is provided.

This approach could be considered a logical extension of the K-12 basic education guarantee, which is justified by evolving technology and the growing complexity of jobs. The timing for such a proposal may be appropriate, given efforts currently

under way to reform K-12 education and produce higher-performing students who will pursue a variety of educational pathways. These higher-performing students should be more likely to seek a college education, and many of the pathways should bridge the K-12 system and higher education. Limiting education reform to the completion of high school will not be sufficient to meet the needs of students, employers, the economy or the state in the 21<sup>st</sup> century.

The requirements to approve a constitutional amendment are:

- (a) Secure a two-thirds majority of both houses of the Legislature, and
- (b) Secure a simple majority of the voters in the next general election.

## Key Challenges

Extending a state enrollment funding commitment or guarantee raises a number of implementation issues, including the following.

- **Establishing an adequate level of per-student state funding.** Adequate state funding for both base education budgets and new enrollments is essential. Otherwise, the real opportunity for students to receive a quality education will be denied.
- **Apportioning the additional enrollments between the two-year and four-year sectors and among the various institutions.** The processes and expectations for institutions to create and change programs to meet changing needs (student, social and economic) needs to be addressed.
- **Smoothing students' transitions from high school to college,** and improving the student transfer process among higher education institutions.
- **Assessing the impact on state support for graduate education and retraining.** The commitment and expectations for funding graduate education and worker retraining would need to be determined, assuming that they would fall outside the funding guarantee. These are critical components of the higher education system and must be preserved and enhanced.
- **Examining the implications for tuition and financial aid.** A funding commitment or guarantee for state support does not provide true opportunity for students if either tuition charges or inadequate financial aid preclude students from enrolling.

## Key Benefits

Adopting and implementing an enrollment funding commitment or guarantee will provide greater predictability and certainty.

- Students and their families will be able to plan for opportunities to attend at least the level of higher education supported by the state's funding commitment.
- Colleges and universities will be able to plan for and accommodate growth and program changes in a carefully considered multi-year framework, rather than being forced to respond to changing budget outcomes.
- The state will be able to forecast financial requirements to implement the enrollment funding policy for years into the future.
- Employers will be able to prepare for a flow of better-trained workers to fill the jobs of the 21<sup>st</sup> century.
- Communities around the state will be able to count on an educated population that can contribute to improving the social, cultural and community aspects of living in Washington.

# State Enrollment Policy and Funding Practice

## 2004 HECB Master Plan—Beginning Discussion



**Board Meeting Presentation**

**Jan. 29, 2003**

W A S H I N G T O N  
**H I G H E R**  
**EDUCATION**  
C O O R D I N A T I N G   B O A R D

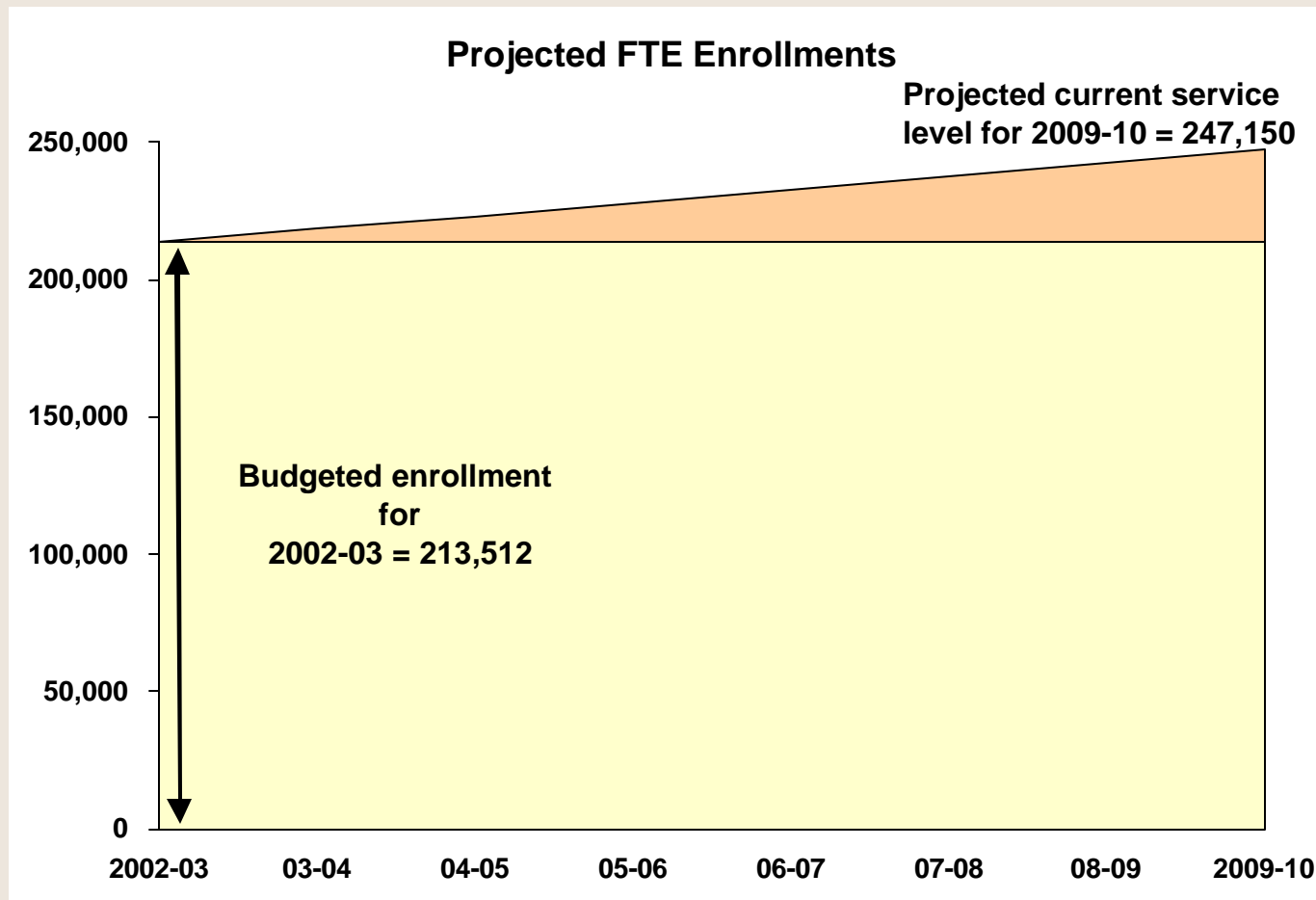
# Beginning the discussion

- A. Identify enrollment needs and pressures through 2010
- B. Review current state enrollment funding practice
- C. Offer alternatives to current enrollment funding practice

# **A. Enrollment needs and pressures through 2010**

- Public demand for enrollment opportunity will continue to grow in Washington
- Demographic impact is measured by the number of currently enrolled students compared to the population
- The “current service level” is the projection of enrollments needed to maintain this year’s participation rate
- 33,600 new FTEs are needed by 2010 to maintain the “current service level”

# Maintaining the 2002 public higher education service level would require 33,600 more funded enrollment slots by 2010



**Growth to maintain the current service level to 2009-10: +33,600**

Source: OFM

# Other forces affecting enrollment

- Employer and workforce demands
- K-12 education reform
- Running Start and other dual enrollment options
- Changing technology
- Transfers from 2-year to 4-year institutions
- Policy initiatives—diversity and outreach

# **Summary: A new basis for state enrollment policy**

1. The HECB supports a state enrollment commitment that funds, at a minimum, new enrollments to maintain the current level of service, and,
2. Also funds additional enrollments to respond to these additional forces

## **B. Currently, the state budget process sets enrollment policy**

- The state's current higher education policy is the net result of budget negotiations
- Often these decisions are without reference to any larger framework describing educational ends
- Spending needs compete with other areas of state government, (e.g., K-12, health care, prisons)
- Spending needs compete within higher education (e.g., enrollments, salaries, financial aid)
- “....getting policy without making policy”

# State budget process is not responding effectively to enrollment need

- In the last two biennia:

Biennium	Portion of HECB recommendation funded	Ending overenrollment
1999-2001	83 percent	FY 2000-4,053; FY 2001-4,308
2001-2003	69 percent	FY 2002-12,326; FY 2003-16,641 (est.)

- For the 2003-05 biennium:
  - OFM projects that 21,000 funded enrollments are needed to maintain current service level
  - Institutions requested 9,700 new enrollments
  - Governor has proposed only 200 new enrollments

# The Governor proposes keeping budgeted enrollments flat during the 2003-2005 biennium

## Budgeted full-time equivalent enrollments

Gov. proposed

	FY 2003	FY 2004	FY 2005
4-year	85,290	85,290	85,290
2-year	128,222	126,872	126,872
High-demand		550	1,550
<b>Total</b>	<b>213,512</b>	<b>212,712</b>	<b>213,712</b>

Projected actual enrollments in 2002-03 exceed budgeted enrollments by 16,641; 4,217 in the four-year system and 12,424 in the two-year system.

Source: OFM

## **C. Alternatives to current enrollment funding practice**

Alternatives to the current state budget process for funding enrollments should be explored:

1. Changing the calculation of the state's "base budget" to include new enrollments
2. Enacting in statute a guarantee for added enrollment funding
3. Proposing a constitutional guarantee of access to public higher education

# **1. Changing the calculation of the state base budget to include new enrollments**

- Include funding in the base budget to at least maintain the current service level
- Consider additional enrollments as increments added to the base budget
- OFM estimates that 33,600 new enrollments will be needed by 2010 to maintain the current service level
- Not a guarantee of new funding

## **2. Enacting in statute a guarantee for added enrollment funding**

- Puts enrollment on an equal footing with other state “entitlement” programs
- The level of guaranteed enrollment access would need to be determined
- Increases the likelihood of additional funding
- Still not a guarantee of new funding

### **3. A constitutional guarantee of access to public higher education**

- Puts enrollment on an equal footing with K-12 basic education
- The level of guaranteed enrollment access would need to be determined
- Guarantees funding
- Requires two-thirds majority legislative vote and majority of voters in a general election

# Key challenges to implementing an enrollment funding guarantee

- Establishing an adequate level of funding per student while protecting other core functions
- Apportioning enrollments among sectors and institutions
- Smoothing high school-to-college transition and the transfer process
- Assessing impacts on graduate education and retraining
- Examining implications for tuition, financial aid

# Key benefits of an enrollment funding guarantee

- Predictability for:
  - Students and their families
  - Colleges and universities
  - State budgeting process
  - Employers
- Enhancement of individual lives and society
- Economic growth
- Provides funding for enrollment needs and demands

# **Next steps: working closely with institutions and stakeholders**

- Quantify the forces driving enrollment increases through 2010, where possible
- Monitor and report January 2003 actual enrollment levels
- Monitor and report legislative deliberations on enrollment budgets, policy and funding practice
- Coordinate discussion of options for changing enrollment funding practice



January 2003

## **The University of Washington's Proposed Changes to Residency Requirements: Review and Analysis**

### **Background**

Public colleges in Washington State are directed to apply uniform rules when making decisions on a student's classification as a resident or nonresident for tuition purposes (WAC 28B.15.010). The Higher Education Coordinating Board (HECB), "upon consideration of advice from representatives of the state's institutions with the advice of the attorney general, adopts rules and regulations to be used by the state's institutions for determining a student's resident and nonresident status and for recovery of fees for improper classification of residency" (RCW 28B.15.015).

In October 2002, HECB staff presented an overview of residency policy and practices, including:

- Background information on residency
- Current Washington State policy
- Examples of policy in other states
- Fall 2001 enrollment
- Issues connected to residency policy

Administration of current Washington State policy requires that the student first be classified as financially dependent or financially independent. Once that determination has been made, the next step is ascertaining whether the student (if financially independent), or the student's parent(s)<sup>1</sup> (if the student is financially dependent), can prove domicile in the state of at least one year. Domicile is defined as a person's "true, fixed, and permanent home and place of habitation. It is the place where he or she intends to remain, and to which he or she expects to return when he or she leaves without intending to establish a new domicile elsewhere" (WAC 250-18-035 (2)). A nonresident student enrolled for six or more credits is presumed to be in the state primarily for educational purposes and, in order to gain resident status, must overcome the presumption that he or she resides in the state primarily to attend college (WAC 250-18-030).

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<sup>1</sup> Or legal guardians.

In December 2002, the HECB received notification from the University of Washington of proposed changes to the Washington Administrative Code (WAC) sections regarding residency. These changes fall into three main categories:

- A stricter institutional policy for monitoring student compliance with the existing WAC requiring students enrolled for six or more credits to overcome the presumption that they reside in the state primarily for educational purposes.
- Wording in certain sections which requires stronger evidence or proof than was formerly required.
- More stringent requirements and proof required of students for establishing financial independence.

The University of Washington, as well as the other public institutions (four-year and two-year), has been invited to present its views of this proposal at the Board meeting scheduled for January 29, 2003. These reactions will be important to consider, since WAC 250-18-010 specifically requires uniform application of these rules, and WAC 250-18-045 requires institutions to use a uniform statewide form to determine changes in resident status.

The University of Washington's proposed changes bring up several questions. For example:

- 1) What is the expected cost/burden of administering the proposed residency policy?
- 2) What effect will these changes have on graduate students (including those paid on grants) who are not employed as graduate assistants and thus are not eligible for certain nonresident tuition waivers?
- 3) How will "convincing evidence" be defined?
- 4) How will the weights attached to the documentation required to prove domicile and financial independence be applied?
- 5) Does the language inserted in Section 250-18-035(4) prevent students from rebutting the presumption of financial dependence if they received means of assistance from a source other than employment any time after entering high school?
- 6) How will "continuous" full-time employment be defined?
- 7) What is the financial impact expected as the result of these changes?
- 8) How many students per year are expected to be affected as the result of these changes?

- 9) Will students currently attending be grandfathered in under the old rules if the rules are changed?
- 10) Will students who have made decisions to attend based on the old rules be grandfathered in under the old rules if the rules are changed?

The following tables provide a side-by-side comparison of the University of Washington's proposed changes to the current WACs. Changes within existing sections are highlighted in bold font.

### WAC 250-18-010: Purpose and Applicability

Current Language	Proposed Language
This chapter is promulgated pursuant to RCW 28B.15.015 to establish the necessary regulations for the administration of residency status in higher education. Institutions shall apply the provisions of the regulations specified in chapter 250-18 WAC for the uniform determination of a student's resident and nonresident status and for recovery of fees for improper classification of residency.	No Change

### WAC 250-18-015: Definitions

Current Language	Proposed Language
(1) The term "institution" shall mean a public university, college, or community college within the state of Washington.	No Change
(2) The term "domicile" shall denote a person's true, fixed and permanent home and place of habitation. It is the place where he or she intends to remain, and to which he or she expects to return when he or she leaves without intending to establish a new domicile elsewhere.	(2) The term "domicile" shall denote a person's true, fixed and permanent home and place of habitation <b>for other than educational purposes</b> . It is the place where he or she intends to remain, and to which he or she expects to return when he or she leaves without intending to establish a new domicile elsewhere.
(3) The term "reside" shall mean the maintenance and occupancy of a primary residence in the state of Washington.	No Change
(4) The term "financially independent" shall be determined according to WAC 250-18-035.	No Change
(5) The term "dependent" shall mean a person who is not financially independent.	No Change
(6) The term "resident" for tuition and fee purposes shall be determined according to WAC 250-18-020.	No Change
(7) The term "nonresident" for tuition and fee purposes shall be determined according to WAC 250-18-020.	No Change

(8) The term “recovery of fees” shall apply to the amounts due to the institution or the student as a result of improper classification.	No Change
(9) The term “civil service” shall mean Washington state or federal government nonmilitary employment.	No Change

### WAC 250-18-020: Student Classification

Current Language	Proposed Language
(1) For a student to be classified as a “resident” for tuition and fee purposes, he or she shall:	(1) For a student to be classified as a “resident” for tuition and fee purposes, he or she <b>must prove by convincing evidence that he or she:</b>
(a)(i) Have established a bona fide domicile in the state of Washington primarily for purposes other than educational for the period of one year immediately prior to commencement of the first day of the semester or quarter for which he or she has registered at any institution; and	(a)(i) <b>Has</b> established a bona fide domicile in the state of Washington primarily for purposes other than educational for the period of one year immediately prior to commencement of the first day of the semester or quarter for which he or she has registered at any institution; and
(a)(ii) Be financially independent; or	(a)(ii) <b>Is</b> financially independent; or
(b) Be a dependent student, with one or both of whose parents or legal guardians have maintained a bona fide domicile in the state of Washington for at least one year immediately prior to commencement of the semester or quarter for which the student has registered at any institution; or	(b) <b>Is</b> a dependent student, with one or both of whose parents or legal guardians have maintained a bona fide domicile in the state of Washington for at least one year immediately prior to commencement of the semester or quarter for which the student has registered at any institution; <b>provided that;</b>

<p>(c) Any student who has spent at least seventy-five percent of both his or her junior and senior years in high school in this state, whose parents or legal guardians have been domiciled in the state for a period of at least one year within the five-year period before the student graduates from high school, and who enrolls in a public institution of higher education within six months of leaving high school, for as long as the student remains continuously enrolled for three quarters or two semesters in any calendar year;</p>	<p>(c) Any student who has spent at least seventy-five percent of both his or her junior and senior years in high school in this state, whose parents or legal guardians have been domiciled in the state for a period of at least one year within the five-year period before the student graduates from high school, and who <b>has enrolled</b> in a public institution of higher education within six months of leaving high school, <b>shall be considered a resident only</b> for as long as the student remains continuously enrolled for three quarters or two semesters in any calendar year; <b>or</b></p>
<p>(d) Be the spouse or dependent of an active duty military person stationed in the state of Washington;</p>	<p>(c) <b>Is</b> the spouse or dependent of an active duty military person stationed in the state of Washington;</p>
<p>(e) Be a student of an out-of-state institution of higher education who is attending a Washington state institution of higher education pursuant to a home tuition program agreement under RCW 28B.15.725; or</p>	<p>(d) <b>Is</b> a student of an out-of-state institution of higher education who is attending a Washington state institution of higher education pursuant to a home tuition program agreement under RCW 28B.15.725; or</p>
<p>(f) Be a student domiciled for one year in one or a combination of the following states: Idaho, Montana, Oregon, or Washington, and be a member of one of the following Indian tribes: (A list of thirty-three tribes follows).</p>	<p>(e) <b>Is</b> a student domiciled for one year in one or a combination of the following states: Idaho, Montana, Oregon, or Washington, and be a member of one of the following Indian tribes: (A list of thirty-three tribes follows).</p>
<p>(2) A student shall be classified as a “nonresident” for tuition and fee purposes if he or she does not qualify as a resident student under the provisions of subsection 1 of this section. A nonresident student shall include a student if he or she:</p>	<p>No Change</p>

(a) Will be financially dependent for the current year or was financially dependent for the calendar year prior to the year in which application is made and who does not have a parent or legally appointed guardian who has maintained a bona fide domicile in the state of Washington for one year immediately prior to the commencement of the semester or quarter for which the student has registered at an institution;	No Change
(b) Attends an institution with financial assistance provided by another state or governmental unit or agency thereof wherein residency in that state is a continuing qualification for such financial assistance, such nonresidency continuing for one year after the completion of the quarter or semester for which financial assistance is provided. Such financial assistance relates to that which is provided by another state, governmental unit or agency thereof for direct or indirect educational purposes and does not include retirements, pensions, or other noneducational related income. A student loan guaranteed by another state or governmental unit or agency thereof on the basis of eligibility as a resident of that state is included within the term "financial assistance;"	No Change
(c) Is not a citizen of the United States of America, unless such person holds permanent or temporary resident immigration status, "refugee-parolee," or "conditional entrant" status or is not otherwise permanently residing in the United States under color of law and further meets and complies with all applicable requirements of WAC 250-18-030 and 250-18-035.	No Change

(3) A person does not lose a domicile in the state of Washington by reason of residency in any state or country while a member of the civil or military service of this state or of the United States, nor while engaged in the navigation of the waters of this state or of the United States or of the high seas if that person returns to the state of Washington within one year or discharge from said service with the intent to be domiciled in the state of Washington.	No Change
(4) Any resident dependent student who remains in this state when such student's parents or legal guardians, having theretofore been domiciled in this state for a period of one year immediately prior to commencement of the first day of the semester or quarter for which the student has registered at any institution, move from this state, shall be entitled to continued classification as a resident student so long as such student is continuously enrolled during the academic year.	No Change

#### WAC 250-18-025: Classification Procedure

Current Language	Proposed Language
(1) After a student has registered at an institution, such student's classification shall remain unchanged in the absence of satisfactory evidence to the contrary. The provision of such evidence to the contrary may be initiated by the student or the institution.	(1) After a student has registered at an institution <b>as a nonresident</b> , such student's classification shall remain unchanged in the absence of <b>convincing</b> evidence to the contrary. The provision of such evidence to the contrary may be initiated by the student or the institution.
(2) Application for a change in classification shall be accepted up to the thirtieth calendar day following the first day of the instruction of the quarter or semester for which application is made. Applications made after that date in any quarter or semester shall be considered to have been filed as of the first day of the subsequent quarter or semester.	No Change

(3) Any change in classification, either nonresident to resident, or the reverse, shall be based upon written evidence maintained in the files of the institution.	No Change
(4) Approval of an application for resident status shall be made only after satisfaction that the requirements of domicile and independency or dependency have been made in compliance with RCW 28B.15.012 and WAC 250-18-030 and 250-18-035. Reclassification from nonresident to resident status preliminarily approved sixty days or more prior to the satisfaction of a one-year durational domicile shall be supplemented with additional documented proof of domicile if deemed necessary by the institution prior to final approval.	No Change
(5) The burden of proof that a student, parent, or legally appointed guardian has established a domicile in the state of Washington primarily for purposes other than educational lies with the student.	No Change
(6) For any student classified as a resident or authorized to pay resident fees or exempted from the payment of the nonresident differential on a basis other than an established domicile in the state of Washington, the fee paying status of such student shall be subject to determination each term on the basis of chapter 28B.15 RCW.	No Change

#### WAC 250-18-030: Establishment of a Domicile

Current Language	Proposed Language
The domicile of any person shall be determined according to the individual's situation and circumstances rather than by marital status or sex. The establishment of a domicile is not determined on the basis of a single factor; nor is a predetermined number of factors required.	The domicile of any person shall be determined according to the individual's <b>overall</b> situation and is not determined on the basis of a single factor; nor is a predetermined number of factors required.
Institutions shall require evidence of a Washington domicile that would reasonably negate the existence of a domicile in a state other than Washington.	Institutions shall require evidence of a Washington domicile that would <b>convincingly</b> negate the existence of a domicile in a state other than Washington.

<p>A nonresident student who is enrolled for more than six hours per semester or quarter shall be presumed to be in the state of Washington for primarily educational purposes. Such period of enrollment shall not be counted toward the establishment of a bona fide domicile of one year in this state unless such student proves that he or she has, in fact, established a bona fide domicile in this state primarily for purposes other than educational.</p>	<p>No Change</p>
<p>To aid the institutions in determining whether a student, parent, legally appointed guardian, or the person having legal custody of a student has established a bona fide domicile in the state of Washington primarily for purposes other than educational, the following factors are to be considered:</p>	<p>To aid the institutions in determining whether a student, parent, legally appointed guardian, or the person having legal custody of a student has established a bona fide domicile in the state of Washington primarily for purposes other than educational, the following factors are to be considered <b>for both the individual and his or her spouse. The weight assigned to any given factor should depend on the ease with which it might be established and the degree to which it demonstrates commitment to domicile as a matter of common sense and as part of the individual's overall circumstances.</b></p>
<p>(1) Registration or payment of taxes or fees on a motor vehicle, mobile home, travel trailer, boat, or any other item of personal property owned or used by the person for which state registration or the payment of a state tax or fee is required, for the one year immediately prior to commencement of the semester or quarter for which application is made;</p>	<p>(1) <b>Location and duration of</b> registration or payment of taxes or fees on <b>any</b> motor vehicle, mobile home, travel trailer, boat, or any other item of personal property owned or used by the person;</p>
<p>(2) Valid Washington driver's license for the one year immediately prior to the commencement of the quarter or semester for which application is made;</p>	<p>(2) <b>State and duration of any</b> driver's license for the <b>previous one year;</b></p>

(3) Permanent full-time employment in the state of Washington during the one year immediately prior to commencement of the semester or quarter for which application is made;	(3) <b>Location and duration of any continuous</b> full-time employment <b>for the previous</b> one year;
(4) Address and other pertinent facts listed on a true and correct copy of federal and state income tax returns for the calendar year prior to the year in which application is made;	No Change
(5) Location of voter registration for the one year period immediately prior to commencement of the semester or quarter for which application is made;	(5) Location <b>and duration</b> of <b>any</b> voter registration for the <b>previous</b> one year;
(6) Purchase of primary residence, lease agreement, or monthly rental receipts for one year immediately prior to commencement of the semester or quarter for which application is made;	(6) <b>Location and duration of</b> primary residence, <b>evidenced by title</b> , lease agreement, or monthly rental receipts for <b>the previous</b> one year;
(7) Residence status of the student in schools attended outside the state of Washington;	(7) Residence status in <b>all secondary and postsecondary</b> schools attended outside the state of Washington;
(8) Location of checking account, savings account, and/or safety deposit box for one year immediately prior to commencement of the semester or quarter for which application is made.	(8) Location <b>and duration</b> of <b>any</b> checking accounts, savings accounts, and/or safety deposit boxes for <b>the previous</b> one year;

<p>Additional factors may be considered at the request of a student as supporting documentation of a one-year durational domicile. Such factors may include, but are not limited to:</p> <ul style="list-style-type: none"> <li>(1) Address of student listed on selective service registration;</li> <li>(2) Location of membership in professional, business, civic, or other organizations.</li> </ul>	<ul style="list-style-type: none"> <li>(9) Address listed on selective service registration;</li> <li>(10) Location of membership in professional, business, civic or other organizations;</li> <li>(11) Receipt of benefits under a public assistance programs;</li> <li>(12) State claimed as residence for obtaining eligibility to hold a public office or for judicial actions;</li> <li>(13) State claimed as residence for obtaining state hunting or fishing licenses;</li> <li>(14) State in which a custodial parent has a child attending public schools.</li> </ul>
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**WAC 250-18-035: Evidence of Financial [Dependence or] Independence**

Current Language	Proposed Language
<p>A person is financially independent if he or she has not been and will not be claimed as an exemption and has not received and will not receive financial assistance in cash or in kind of an amount equal to or greater than that which would qualify him or her to be claimed as an exemption for federal income tax purposes by any person except his or her spouse for the current calendar year immediately prior to the year in which application is made.</p>	<p>A person is financially independent if he or she has not been and will not be claimed as an exemption and has not received and will not receive <b>significant</b> financial assistance in <b>any form directly or indirectly from his or her parents or legal guardians</b> for the current calendar year immediately prior to the year in which application is made.</p>
<p>(1) To substantiate a reasonable presumption that a person is financially independent, the institution may require such documentation as deemed necessary, including but not limited to the following:</p>	<p>(1) To <b>consider</b> a <b>claim</b> that a person is financially independent, the institution may require such documentation as deemed necessary, including but not limited to the following:</p>
<p>(a) The individual's sworn statement.</p>	<p>No Change</p>

<p>(b) A true and correct copy of the state and federal income tax return of the person for the calendar year immediately prior to the year in which application is made. Should a person not have filed a state or federal income tax return because of minimal or no taxable income, documented information concerning the receipt of such nontaxable income may be submitted.</p>	<p>No Change</p>
<p>(c) A true and correct copy of the person's W-2 forms filed for the previous calendar year.</p>	<p>No Change</p>
<p>(d) Other documented financial resources. Such other resources may include but not be limited to, the sale of personal or real property, inheritance, trust funds, state or financial assistance, gifts, loans, or statement of earnings of the spouse of a married student.</p>	<p>(d) Other documented financial resources <b>which</b> may include but <b>are</b> not limited to: the sale of personal or real property, inheritance, trust funds, state or financial assistance, gifts, loans, or statement of earnings of the spouse of a married student.</p>

<p>(e) A true and correct copy of the first and signature page of the state and federal tax returns of the parents, legally appointed guardians, or person or persons having legal custody of the student for the calendar year immediately prior to the year in which application is made. The extent of the disclosure required concerning the parent's or legal guardian's state and federal tax returns shall be limited to the listing of dependents claimed and the signature of the taxpayer and shall not require disclosure of financial information contained in the returns.</p>	<p>No Change</p>
<p>(f) A student whose parents are both deceased or who has been made an official ward of the court may be required to provide documentation attesting to the fact of such circumstances.</p>	<p>(f) No Change <b>Addition:</b> <b>(g) Evidence of coverage for medical, life, automobile, and property insurance.</b></p>

<p>(2) To aid institutions in determining the financial independence of a student whose parents, legally appointed guardian, or person having legal custody of the student do not provide the documentation because of total separation or other reasons from the student, documentation clearly stating the student's status and relationship with his or her parents or legal guardian from a responsible third person, e.g., family physician, lawyer, or social worker may be submitted.</p>	<p>(2) No Change</p> <p><b><u>Additions:</u></b></p> <p><b>(3) To be considered financially independent, a student must demonstrate that he or she can meet, through his or her income, at least 80% of the total of nonresident tuition plus living expenses, as calculated by the institution's financial aid office. Personal loans, PLUS (Parent Loan for Undergraduate Students), loans, gifts, and cash earnings shall not be counted as income in this calculation.</b></p> <p><b>(4) A trust or other account available to the student shall be considered evidence of financial dependence. If the account was created before the student entered high school, there shall be a rebuttable presumption of dependence.</b></p>
<p>(3) Information submitted by the student to the institution on the Washington financial aid form may be used to affirm the authenticity of information submitted on an application.</p>	<p>No change to language, but change paragraph number to (5).</p>
<p>(4) In all cases, the burden of proof that a student is financially independent lies with the student.</p>	<p>No change to language, but change paragraph number to (6).</p>

**WAC 250-18-040: Evidence of Financial Dependency**

Current Language	Proposed Language
<p>(1) To aid the institutions in determining whether a student is financially dependent and whether his or her parent, legally appointed guardian, or the person having legal custody of the student has maintained a bona fide domicile in the state of Washington for one year, the following factors are to be considered:</p> <p>(a) Legal proof of guardianship or custody which shall be the responsibility of the student;</p> <p>(b) Evidence of established domicile of parent, guardian, or custodian which shall be the responsibility of the student;</p> <p>(c) The identification of the student as a dependent on the federal income tax return of the parents, legally appointed guardians or person having legal custody, which shall be proof of the student's financial dependency.</p> <p>(2) Proof of a student's financial dependency for the current calendar year or the calendar year immediately prior to the year in which application is made which shall be the responsibility of the student. Additional documentation to substantiate dependency during the current calendar year may be required at a later time if deemed necessary by the institution.</p> <p>(3) A student who provides evidence that he or she is a dependent and has a parent or legal guardian who has maintained a one-year domicile in the state of Washington shall not be required to establish a one-year domicile prior to classification of resident status, provided such a student may not be classified as a resident while receiving financial assistance from another state, governmental unit or agency thereof for educational purposes.</p>	<p>Entire section deleted.</p>

**WAC 250-18-045: Administration of Residency Status**

Current Language	Proposed Language
<p>Administration of residency status shall be the responsibility of the institution's board of trustees or regents in compliance with RCW 28B.15.011 through 28B.15.014 and chapter 250-18 WAC.</p> <p>Boards of trustees or regents shall designate an institutional official responsible for making decisions on resident and nonresident status of students, and for maintaining records and documentation in support of such decisions.</p> <p>Institutions shall use a uniform statewide form consistent with the provisions of chapter 250-18 WAC for the determination of change in residence status.</p>	No Change

**WAC 250-18-050: Appeals Process**

Current Language	Proposed Language
<p>Any final institutional determination of classification shall be considered a ruling on a contested case and shall be subject to court review only under procedures prescribed by chapter 34.05 RCW.</p>	No Change

**WAC 250-18-055: Recovery of Fees for Improper Classification of Residency**

Current Language	Proposed Language
<p>To aid the institutions in the determination of accuracy of statements made by a student, institutions shall require that a student affirm the authenticity of all information and supporting documentation provided by his or her signature thereon.</p> <p>If erroneous, untrue, or incorrect information submitted results in an improper classification of resident or nonresident status, or if a final determination is reversed through the appeals process, institutions shall recover from the student or refund to the student as the case may be an amount equal to the total difference in tuition and fees had the proper classification been made.</p>	No Change

**WAC 250-18-060: Exemptions from Nonresident Status**

Current Language	Proposed Language
<p>In accordance with RCW 28B.15.014, certain nonresidents may be exempted from paying the nonresident tuition and fee differential. Exemption from the nonresident tuition and fee differential shall apply only during the term(s) such persons shall hold such appointments or be so employed. To be eligible for such an exemption, a nonresident student must provide documented evidence that he or she does reside in the state of Washington, and:</p> <ul style="list-style-type: none"><li>(1) Holds a graduate service appointment designated as such by an institution involving not less than twenty hours per week;</li><li>(2) Is employed for an academic department in support of the instructional or research programs involving not less than twenty hours per week;</li></ul>	No Change

<p>(3) Is a faculty member, classified staff member, or administratively exempt employee who resides in the state of Washington and is holding not less than a half-time appointment, or the spouse or dependent child of such a person;</p> <p>(4) Is an active duty military person stationed in the state of Washington;</p> <p>(5) Is an immigrant having refugee classification from the U.S. Immigration and Naturalization Service or the spouse or dependent child of such refugee, if the refugee (a) is on parole status, or (b) has received an immigrant visa, or (c) has applied for United States citizenship; or</p> <p>(6) Is a dependent of a member of the United States Congress representing the state of Washington.</p>	
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**January 2003**

## **State Need Grant Update**

### **Executive Summary**

In 2001-2002, the State Need Grant Program distributed \$90.2 million dollars in grants to nearly 50,000 students. At the close of the fiscal year the institution reported an additional 2,300 enrolled students who were eligible for need grants but did not receive them due to a lack of funds.

For 2002-2003, we estimate the program will expend \$105 million in grants to about 52,000 students. It is too early in the year to accurately predict the number of eligible enrolled students who will not be given a grant due to a lack of funds. However, the fall progress reports submitted to the Higher Education Coordinating Board by the institutions indicate that there will be unserved students again this year.

On November 19, 2002, Higher Education Coordinating Board staff convened a meeting of State Need Grant stakeholders. At that meeting several issues were identified that the group plans to consider further. At this time, the Higher Education Coordinating Board staff is soliciting additional input from the stakeholders. In consultation with the Board's Financial Aid Committee, staff will continue to work with the stakeholders over the next few months and determine if there are recommendations for rules changes or statutory changes to bring before the full Board.

January 2003

## State Need Grant Update

### Overview

This is an update on the State Need Grant program's expenditures and activity. Included is a summary of the 2001-2002 year-end reconciled disbursements and a report on 2002-2003 activity to date.

Currently, 73 institutions participate in the State Need Grant (SNG) program. This is one more than in 2001-2002. This past fall, Antioch College was admitted into the program following a statutory change passed in the 2002 Legislative Session modifying the SNG definition of eligible institution.

### 2001-2002 Summary

In 2001-2002, the Board had a total of \$90.2 million available for awards to students from all sources including federal matching funds. All but nine thousand dollars of the total available was delivered to 49,745 students. Attached is a school-by-school table detailing the numbers of students served and dollars disbursed, (see Appendix A).

In 2001-2002, virtually 100% percent of the appropriation was spent. With the exception of the 1999-2000 academic year, State Need Grant expenditures have always been greater than 99 percent of available funds, (see Appendix B).

In 2001-2002, the income eligibility cutoff was 55 percent of the state's median family income or about \$33,500 for a family of four. The grant award amounts varied by sector. As a percent of tuition the grant awards ranged from 99.8 percent of tuition at the community colleges, to 86.5 percent at the public research institutions.

2001-2002				
Sector	SNG Award Amounts	Avg. Tuition <sup>1</sup>	Difference between SNG Award and Tuition	SNG Award as a % of Tuition
<b>Research</b>	3,360	3,885	525	86.5%
<b>Regionals</b>	2,730	3,007	277	90.8%
<b>CTC/Private Voc</b>	1,740	1,743	3	99.8%
<b>Private 4 Year</b>	3,594	3,885	291	92.5%
1. The maximum grant for SNG recipients at private four-year colleges is limited to the value of tuition and fees at the public four-year research institutions. Therefore the tuition recognized for private four-year colleges is the same as the public research universities.				

The 2001-2002 year saw a significant increase in the enrollment of low-income SNG eligible students. By the end of the 2001-2002 year, schools indicated that about 2,300 additional SNG eligible students had enrolled than could have been predicted at the beginning of the year. These students were eligible for the SNG, but did not receive awards due to a lack of funding.

### 2002-2003 Update

For the 2002-2003 academic year, the Board has \$104.8 million available for grants to students, including about \$1.7 million from federal matching funds. The Board staff expects that about 52,000 students will be served with the grant this year. Attached is a table showing each school's current SNG reserve for grants to students, (see Appendix C).

The authorizing budget proviso indicated that the Board is to first serve students at the 55 percent income cutoff level. Grants were increased in response to the authorized tuition increases, however, the increase was only sufficient to cover about 70 percent of the amount needed to hold SNG recipients "harmless" from the tuition increase on a dollar-for-dollar basis.

This increased the gap between tuition and the grant award. For example, the gap for research university students went from \$525 to \$691.

<b>2002-2003</b>				
<b>Sector</b>	<b>SNG Award Amounts</b>	<b>Avg. Tuition<sup>1</sup></b>	<b>Difference between SNG Award and Tuition</b>	<b>% of Tuition</b>
<b>Research</b>	3,798	4,489	691	84.6%
<b>Regionals</b>	3,026	3,407	381	88.8%
<b>CTC/Private Voc</b>	1,908	1,982	74	96.3%
<b>Private 4 Year</b>	4,032	4,489	457	89.8%
1. The maximum grant for SNG recipients at private four-year colleges is limited to the value of tuition and fees at the public four-year research institutions. Therefore the tuition recognized for private four-year colleges is the same as the public research universities.				

Schools are required to submit quarterly Interim Reports detailing their SNG expenditures and the eligibility of their enrolled students. Based on the early November report it appears that the SNG program will again be 100 percent expended by the end of the year.

While the November report comes too early in the processing year to provide a definitive count of unserved students, it appears as though there will again be more State Need Grant eligible students enrolling than there are funds to serve them. The next quarterly Interim Report is due from school in February.



State Need Grant General Fund - State Expenditures  
Compared to General Fund - State Appropriations  
FY 1991 through FY 2002

<b>Year/Biennium</b>	<b>General Fund – State Appropriation</b> <i>(in millions)</i>	<b>Unspent</b> <i>(in millions)</i>	<b>Percent Expended</b>
1991-93 Biennium	\$42.4	\$0.0	100.0%
1993-95 Biennium	\$95.0	\$0.3	99.7%
FY 1996	\$55.3	\$0.3	99.5%
FY 1997	\$57.2	\$0.0	100.0%
FY 1998	\$67.3	\$0.7	99.0%
FY 1999	\$74.0	\$0.4	99.5%
FY 2000	\$80.2	\$4.1	94.9%
FY 2001	\$87.7	\$0.0	100.0%
FY 2002	\$90.6	\$0.0	100.0%

**2002-2003 State Need Grant Reserves**  
(as of January 16, 2003)

<b>Sector</b>	<b>Reserves</b>
<b>Research</b>	27,616,935
<b>Comprehensive</b>	19,969,707
<b>Reciprocity</b>	7,830
<b>Private 4 year</b>	9,725,335
<b>Comm. Colleges &amp; Tech Colleges</b>	43,781,073
<b>Private Career Colleges</b>	3,448,526
<b>Total</b>	104,549,406
<b>Research</b>	
UW	15,996,760
WSU	11,620,175
<b>Comprehensive</b>	
CWU	5,389,133
EWU	5,806,952
TESC	3,200,999
WWU	5,572,623
<b>Reciprocity</b>	
North Idaho College	7,830
<b>Private 4 year</b>	
Antioch	25,000
Bastyr College	175,352
Cornish	422,380
Heritage	1,243,418
Gonzaga	1,185,484
Northwest College	391,080
Pacific Lutheran	1,686,206
St Martins	578,065
Seattle Pacific	729,319
Seattle University	1,306,775
University of Puget Sound	420,578
Walla Walla College	491,792
Whitman	158,930
Whitworth	831,819
NW College of Art	23,771
Henry Cogswell	55,366
<b>Sector</b>	<b>Reserves</b>
<b>Community &amp; Technical Colleges</b>	
Bellevue	1,180,069
Big Bend	949,351
Cascadia	190,656
Centralia	713,003
Clark	1,831,649
Columbia Basin	1,371,148
Edmonds	1,365,335
Everett	1,060,361
Pierce	1,670,579
Grays Harbor	855,895

<b>Community &amp; Technical Colleges (continued)</b>	<b>Reserves</b>
Green River	732,001
Highline	1,659,008
Lower Columbia	1,152,239
South Puget Sound	1,192,375
Olympic	1,433,167
Peninsula	763,299
Seattle Central	1,722,599
North Seattle	770,193
South Seattle	694,239
Shoreline	1,190,566
Skagit Valley	1,201,367
Spokane	4,916,019
Spokane Falls	3,215,913
Tacoma	2,256,633
Walla Walla	1,135,523
Wenatchee Valley	1,295,526
Whatcom	1,178,790
Yakima Valley	2,059,952
Northwest Indian College	286,054
Bates	851,040
Bellingham	400,779
Clover Park	1,268,199
Lake Washington	506,675
Renton	558,136
Seattle Vocational	152,735
<b>Sector</b>	<b>Reserves</b>
<b>Private Career Colleges</b>	
ITT - Seattle	202,948
ITT - Spokane/Bothell	356,131
Business Technical Institute	1,180,981
Divers Technology	15,532
Int'l Air Academy	62,724
Interface Computer	193,959
Crown College	48,792
Gene Juarez	156,783
Bryman	263,464
Art Institute	464,702
Perry Technical	173,900
Court Reporting Institute	136,251
Clare's Beauty College	102,090
Glen Dow	90,269
<b>** TOTAL **</b>	<b>104,549,406</b>

2002-2003 SNG State Appropriation	104,913,000
<b>Less</b> 1.8 Admin. Allowance	1,847,326
Reserve for Transfer Fund	257,832
Available for School Reserves From State	102,807,842
<b>Add</b> SLEAP/LEAP Federal Funds:	1,741,564
Total funds available for school reserves	104,549,406